



creating the bank of  
tomorrow  
today

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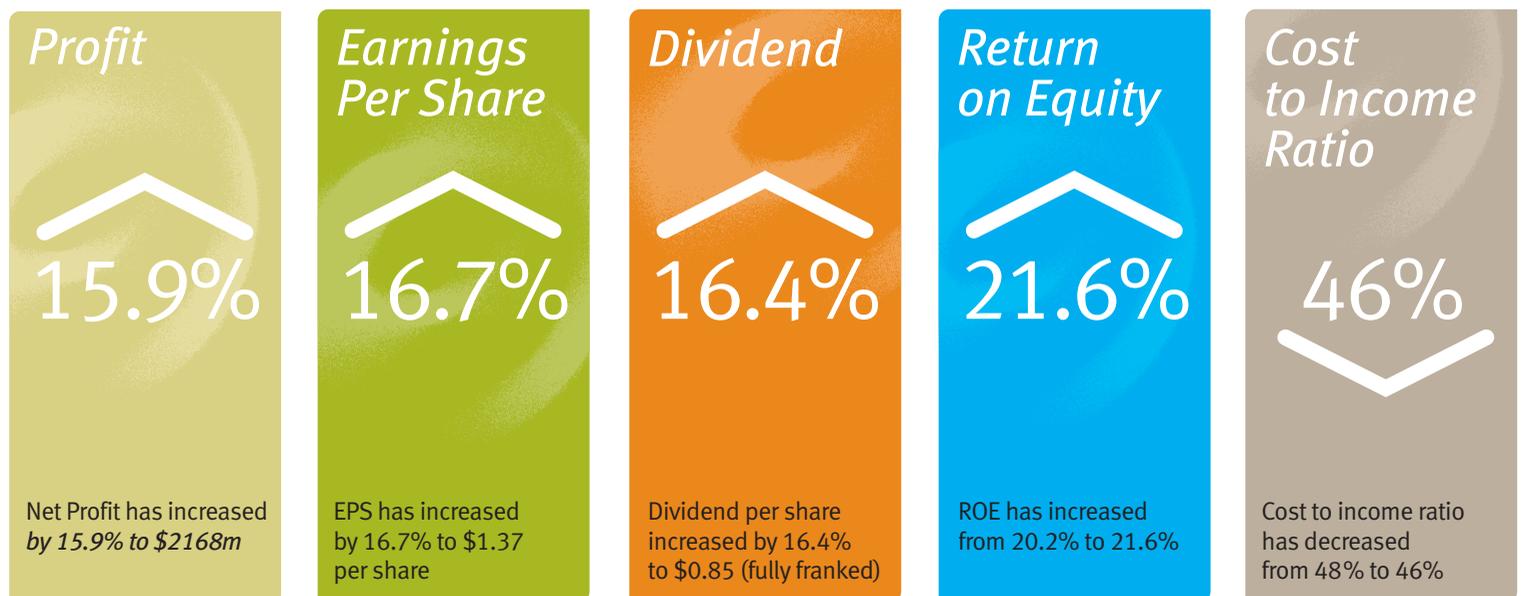
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ANZ is a leading banking and financial services group. With total assets of \$183 billion, ANZ takes its place among the top 100 banks in the world.

#### 2002 Results\*



ANZ is headquartered in Melbourne, where it first opened an office as the Bank of Australasia in 1835. ANZ's primary markets are Australia and New Zealand as well as Asia, the Pacific, UK/Europe and the United States. ANZ operates a series of specialist businesses. Its key businesses are: Personal Banking & Wealth Management, Consumer Finance, Small to Medium Business, Mortgages, Asset Finance, Corporate Businesses and ANZ Investment Banking.

\*excluding significant transactions during year ended 30 September 2002: the sale of businesses to ING joint venture (profit after tax of \$170m), National Housing Bank recovery (\$159m profit after tax) and special general provision for doubtful debts (\$175m charge after tax). Including significant transactions, the net profit was \$2322m, up 24% on 2001, and EPS was \$1.47.

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rent



“We set ourselves the challenge to create a very different bank at ANZ.

Different by performing for shareholders, different by serving our customers well, different by being a good corporate citizen in the community, and different in the way we lead and inspire our people.

We have made progress in the past five years, but we still have a good way to go as we move to build further on our performance and develop future growth.”

## Our 2002 performance sets us apart.



2002 was a strong year for ANZ.

The result was achieved in an environment where the Australian and New Zealand economies performed well notwithstanding subdued world economic activity and several major corporate collapses internationally.

### Performance

In the year ended 30 September 2002, the net operating profit after tax increased by 24% to a record \$2322 million. The result was impacted by three significant transactions as follows:

- > The sale of businesses to ING joint venture (profit after tax of \$170m)
- > National Housing Bank recovery (\$159m profit after tax)
- > Special general provision for doubtful debts (\$175m charge after tax)

Excluding these significant transactions, profit after tax increased 15.9% to \$2168 million. Earnings per share grew by 16.7% to \$1.37 and the dividend per share was increased by 12 cents to 85 cents per share fully franked.

Our return on ordinary shareholders' equity at 21.6% is above our 20% target while our cost to income ratio of 46% achieved our mid 40s target and was the lowest cost to income ratio among major Australian banks. Our Tier One capital ratio was solid at 7.9%.

### Market Recognition

Our consistent performance is being recognised in our share price, which has performed well despite considerable weakness in equity markets. Our achievements were also recognised by Fortune magazine in September 2002 when it selected ANZ as one of 40 stocks to invest in for retirement, one of only five non-US companies and the only Australian stock.

### Clear Focus

During the year, the strategy of organising the bank into 17 businesses achieved strong overall results and enhanced our focus on risk management. Customers benefited from a range of initiatives including new lower cost transaction accounts and improvements to services.

In May, a new wealth management joint venture was established with the ING Group. ING is one of the world's leading Bancassurance Groups with \$800 billion of assets under management. The joint venture created a top-tier company in funds management and life insurance in Australia and New Zealand and filled a strategic gap for ANZ in the high growth wealth management sector. ANZ made a capital contribution of \$960 million to the new organisation.

In January, ANZ settled the long-standing litigation with the National Housing Bank in India. The settlement enabled us to recover \$248 million of the provision we made when ANZ sold Grindlays Bank to Standard Chartered PLC in 2000.

### Leadership Culture

Most importantly, we continued to give high priority to our program to create a distinctive ANZ culture. This program reinforces a strong performance culture among our staff, creating a sense of entrepreneurial freedom balanced with responsibility, shared values and an increasing focus on customers and the community.

### Governance

During the year, the Board undertook a review of governance procedures to strengthen further ANZ's standards of corporate governance, disclosure and transparency. These included a new policy covering ANZ's relationship with its auditor.

### Executive Options

We have also taken note of the community debate on the use of options as part of executive remuneration. Options are not a dominant form of compensation at ANZ. The Board believes options can provide valuable incentives if the size of option packages is appropriate, and if hurdles set are challenging and aligned with shareholders' interests. We have taken an in-principle decision to expense options in the year they are granted and we will implement this change as soon as the tax and Australian Accounting Standards implications are clarified.

### The Board

On 7 February 2002, Mr David Gonski joined the ANZ Board. Mr Gonski is Chairman of Coca-Cola Amatil and a Director of Westfield Holdings Limited and John Fairfax Holdings Limited. Mr Gonski brings valuable financial skills and a broad range of business experience and community service.

### Growth and Potential

Management and staff are to be congratulated for consistently delivering a high level of financial performance to shareholders, improving our service to customers and deepening our relationship with the community, while at the same time providing an increased focus on growth.

In the year ahead, we expect the Australian and New Zealand economies to continue to perform relatively well and for overseas markets to begin to strengthen from their low base. Loan losses tend to lag the economic cycle and these are expected to remain moderate to high, although at levels which are manageable. We also see opportunities to build on our consistent performance and distinctive strategy and move closer towards realising ANZ's full potential.

A handwritten signature in dark ink, appearing to read 'Charles Goode'.

**Charles Goode**  
Chairman

## Five years ago we decided to create a very different bank.



For our shareholders, 2002 was a good year, but one with challenges. We have met those challenges head on and still kept our promises to our shareholders, our customers, our staff and the community.

Our performance has been built on ANZ's distinctive strengths: the quality of our people, a strong culture, a diverse portfolio of specialised businesses and a constant focus on creating a low risk, sustainable business.

Shareholders who have watched our performance going back to the early 1990s will know it hasn't always been that way.

### Key Decisions

Five years ago we took the decision to change ANZ. We needed to. While we had stabilised and recovered from the depths of the recession of five years before, we had lost the confidence of many investors and it showed in our share price. So we took three fundamental decisions:

- › We shifted away from a dependence on higher risk businesses including those in international emerging markets, toward lower risk, more sustainable consumer businesses. In 1997, personal businesses accounted for just 36% of ANZ's earnings. Today they account for approximately 55%
- › We transformed our cost structure through developing the right technology and enabling our processes to become leaner and more competitive. In 1997, we had the lowest productivity among the major Australian banks with a cost to income ratio of 63%. Today we are the industry leader with a cost to income ratio of 46%
- › We recognised that our long-term competitive strength rests with our people. We began the work to revitalise our culture, releasing the energy and passion of our people, enabling them to deliver more consistently and productively for shareholders, customers and the rest of the community. In 1999, 52% of our people were satisfied working at ANZ. Today that figure is 78%

### Leading Change

While improving financial performance is critical to our ability to attract capital, changing the culture is critical to creating our future. In 1997, most customers, investors, members of the community and our staff thought the major Australian banks were the same. We saw a real opportunity, an attractive opportunity, for ANZ if we could breakout from the pack. Firstly, we reconceived ANZ as a collection of specialised businesses. This strategy has eliminated much of the bureaucracy that got in the way of our staff serving our customers. It has given them more of a feeling that they own the business. It has given them more freedom and the opportunity to be more creative. At the same time, it has made the risks and results of their business very transparent to us and to you the owners.

You can now see that the financial results show a consistent level of delivery. Secondly, from the customer satisfaction survey results published in this report, you can also see emerging improvements on this dimension, even though there is still much to do.

### Challenges – Past and Present

Of course, we have had to face some difficult issues. Losses in emerging market bond trading in 1998 and managing an exposure to Asian markets of almost US\$11.5 billion at the height of the Asian crisis in the years following 1997 are examples.

We contained the impact of these issues, exiting businesses and dramatically reducing our higher risk exposures.

During that time, our focus was on improving ANZ's financial performance and restoring the confidence of our investors. But we did not focus enough attention on service to our personal customers and on our reputation in the community. We have learned our lesson. Restoring the faith of our customers is now at the top of our agenda but the journey has only just begun. We have standards to assess how we serve customers, and we have a clear view on how we should serve them in the future. We are very serious about making a difference here.

### Looking Ahead

Over the next five years, our challenge is to maintain our high levels of performance and, at the same time, to take ANZ to the next level for shareholders, staff, customers and the community by reinventing the way we do business.

It's only when we achieve such a balance that we will be able to stand up and be truly proud of our achievements.

The next stage of our growth will be based to a far greater extent on growing our revenue and customer base sustainably.

To do that we will invest in higher growth opportunities mainly in consumer banking, wealth management, small business, corporate banking and related services including asset finance, and non-asset based corporate activities. Internationally, we will consider lower risk moderately sized growth options in the Pacific and possibly in Asia as a foundation for longer-term growth.

We believe we now have the foundation to meet these challenges as we seek to create the bank of tomorrow, today.

A handwritten signature in blue ink, appearing to read 'John McFarlane'. The signature is stylized and fluid, with a long horizontal stroke extending to the right.

**John McFarlane**  
Chief Executive Officer



Our aim is to **deliver** distinctive customer service.  
Making a difference each day with individual  
**customers**  
and local communities.

Noah and Lilly don't know it, but their mother, Gabrielle is discussing investment options with ANZ's Wendy Shaw, that will protect their future financial security.

## We know service to our personal customers has to improve. Something has to change. It's us.

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It is hard for a bank or any other large organisation to change its approach to customer service. Becoming customer-focused involves thinking very differently. In our case, we have to change the way we deal with customers so they actually feel they have had a different experience. Customers need to believe we are really part of their community. Easy to write in an annual report; hard to make happen. What it means for us is a total rethink and refresh. But we have started in earnest and are seeing some early results.

To start the change, we introduced simplified accounts, reduced day-to-day banking fees and focused on delivering the promises we made in our Customer Charter. We have also appointed a Customer Advocate to ensure satisfactory resolution of customer issues and complaints. This is just the beginning.

During the year, we began a program called Restoring Customer Faith in Victoria and New Zealand. In 2003, we will introduce it throughout the rest of Australia making special efforts in rural Australia to rebuild our presence.

Restoring Customer Faith changes our consumer banking business into small, community-based businesses, each with a Local CEO. We want staff in each branch to think of it as their own business, to treat customers as if our future depends on it and to become a real part of the community.

We are investing to make this work. We are upgrading branch premises, delivering additional training programs to our people and allowing them the flexibility to make business judgements regarding staffing numbers and deployment, and ways to improve service.

So far the results are encouraging. Both customer and staff satisfaction are improving. We are retaining more of our existing customers and attracting new ones. This is underpinning improved business performance. We are now seeing branches as places where we can grow revenue, increase customer numbers and create real value for our shareholders. It's early days but we are committed to getting it right.

# We have won industry accolades this year for the quality of our banking services to businesses and corporates. And we are seeking to raise the bar higher.

Market research among medium-sized corporations and large business institutions indicate that, of the major Australian banks, ANZ has again rated number one in overall customer satisfaction and market share in 2002.

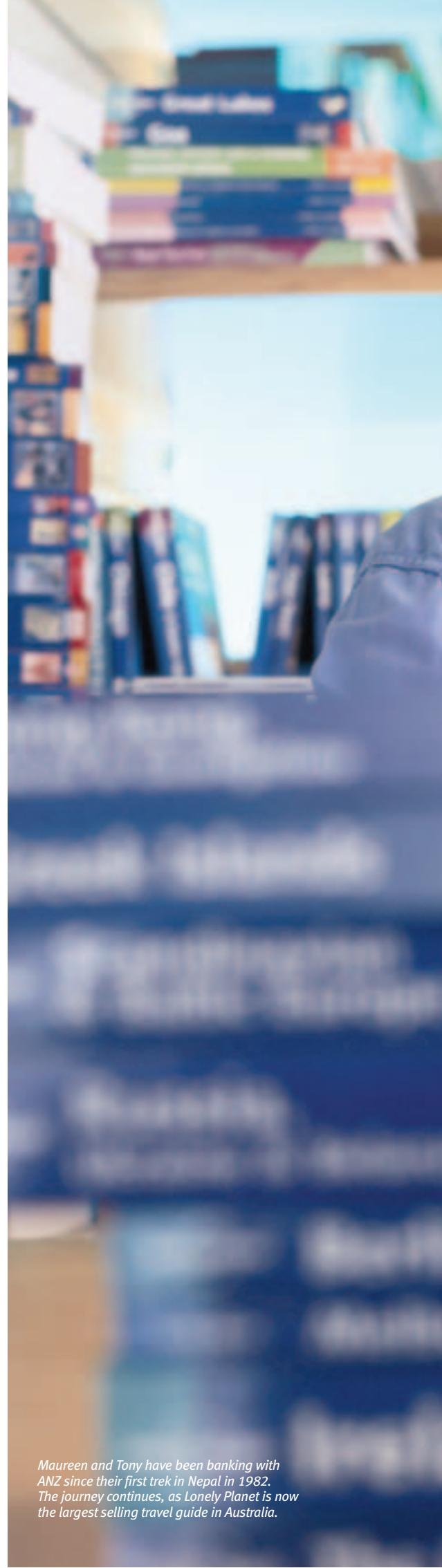
ANZ is the lead banker to 37% of Australia's large corporations. In the middle market, we are the primary banker to 26% of businesses.

This isn't something we take for granted. Businesses are demanding in the service they expect. Maintaining our leadership position requires continual focus on understanding our clients' businesses, providing them with creative ideas and solutions, and delivering specialist products and services to meet their needs.

During the year, we have extended our range of investment banking solutions available to medium-sized corporate clients. We have continued the development of new electronic platforms to better support client enquiries and product delivery. The Corporate Portal launch during 2002 provides clients with a range of on-line services including foreign exchange, capital markets and trade finance together with financial decision-making tools.

Satisfying clients also requires a great team of dedicated people. Strengthening the capabilities of our people has been a priority this year. Staff satisfaction is among the highest in the Group, reflecting a long-term focus on developing our culture and the expertise of our people. This has been supported by our relationship management systems which allow us to anticipate needs, proactively identify opportunities and develop creative solutions for clients.

The strength of our franchise among medium-sized and large corporations, together with high levels of client satisfaction, create a powerful combination to reshape the business around client needs and to create growth.





We **lead** in the business market.  
It's about listening,  
anticipating needs and **innovating**  
to stay ahead.



We are determined to  
**recapture**  
something banks have lost.  
The **trust**  
of the community.

Sharyne's future looks a whole lot brighter. Shane Teitz from the ANZ Mortgages Group discusses the progress of her new 'Habitat for Humanity' home.

# Incremental change is not enough to recapture community confidence in banks. ANZ is taking steps to begin to make a real difference.

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We are taking seriously the job of reconnecting with the community and regaining trust. Over the past 10 years, people have increasingly felt that banks have become detached from the community. In recent years, we've tried to reconnect. In 1999, we decided not to leave any more rural communities. In 2001, we put in place new low-cost banking options for senior citizens and welfare recipients. We are giving our people the freedom to contribute more to their local community through paid volunteering leave and financial support from the ANZ Community Fund.

Reconnecting with the community is not only about giving money. It's about creating genuine business-community partnerships. The ANZ Community Fund was established in 2002 to create a new way of involving ourselves in the community. It achieves its aim by placing the responsibility for a large part of ANZ's community "giving" at a local level. It enables the people in our branches to create meaningful partnerships, to strengthen and enhance life in the communities where they live and work.

During the year under review, we supported a wide range of community programs including:

- › Australia and New Zealand Intensive Care Appeal
- › Royal Life Saving Society's Wet 'n Wise Program
- › Foodbank Australia
- › Habitat for Humanity
- › Victorian Credit Helpline
- › Foundation for Rural and Regional Renewal
- › ANZ DOXA Youth Foundation Cadetship
- › Hollingworth Cadetship Program

We are creating new types of programs that have a direct link to our business in financial services. During the year, we started a major research program on financial literacy. The aim is to establish a strong basis for new financial education programs to provide more opportunities for individuals to learn about managing their finances.

We also entered into a partnership with the Brotherhood of St Lawrence to run a matched savings program. This will see ANZ match '2 for 1' each dollar saved by low income families for education costs.

We expect this increased level of connection with the community to gain further momentum with a wide range of new initiatives planned for 2003.



The future is about **Leadership,**  
freedom and responsibility.  
We're releasing the energy & passion  
of our **people.**

Joe Farrugia, Local CEO, for the Moonee Ponds area, draws new talents out of Jim Hudaverdi and Monica Rashoo, part of his local team.

# Our people now have greater flexibility to deal with their customers, bringing to bear closer knowledge and understanding of their needs.

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When we created the specialisation strategy two years ago, we knew it would only work if we could create a different culture. A culture where people had a sense of ownership. A culture where people talked about 'we' rather than 'they'. We wanted people to be employed to make more decisions and to take responsibility for them. We wanted them to bring a human face to the demanding decisions that need to be made in banking.

If we could achieve this successfully, we could turn our culture into a unique and competitive asset.

One of the starting points was to encourage our staff to own shares in ANZ. This helps them to think and act like owners so they care more about their customers and about creating value for shareholders.

We have also taken steps to assist our people outside work. These include extending our PCs@home offer to staff, providing them with heavily subsidised PCs for use at home; the introduction of paternity leave to assist staff with new families; and providing paid leave for volunteer work in the community.

We knew the only way a large company like ANZ could change quickly and successfully was to involve all our people in a new way of thinking about the business. A unique thread of shared values would allow us to function collectively as one company and individually as specialist businesses at the same time.

Over the last two years, more than 6,000 of our people have participated in a cultural transformation program called Breakout. In 2003, an additional 6,000 people will take part. Breakout emphasises leadership, diversity, coaching and development. It provides a framework for creating more challenging and rewarding jobs for our people.

The creation of many individual businesses within ANZ, and the removal of bureaucracy and layers of management, gives more responsibility to people to recognise customers' needs and develop these businesses. In 1997, we had as many as nine layers of management between the Chief Executive Officer and front-line staff who serve customers, today there are just four.

We are committed to developing and sustaining the new ANZ culture. It is showing in the commitment and engagement of our people. This year in our annual staff survey 78% of staff indicated they are satisfied working with ANZ and 71% would recommend ANZ as a place to work. Three years ago only 52% of our staff said they were satisfied working with ANZ.

We want ANZ to be a place where people can achieve more than they thought they could and in the process, help turn ANZ into the bank of tomorrow, today.

# Our challenge is to build on the foundation of strong, consistent financial performance and take ANZ to a new level. One based on growing our revenue and customer base at low risk.

Central to our growth strategy is a renewed focus on specialisation and transformation.

While our specialisation strategy has been a critical part of our success, we are also different in the way we implement this strategy. There is often a big gap between strategy and execution and we need to make sure all our core businesses are out-performing competitors. We are reshaping our portfolio of businesses by investing in higher growth areas, extending and developing our specialist capabilities and moving out of weak and non-core positions.

We will build on our financial performance by investing in our domestic consumer, small business and corporate franchise and by pursuing opportunities in the Asia-Pacific region.

We have taken some early steps:

- › Our investment in the Restoring Customer Faith Program in personal banking has helped us retain more of our existing customers and attract substantial numbers of new customers

Openings of transaction accounts are up 100% on an annualised basis since we introduced simpler, lower cost options in February 2002. Customer satisfaction is steadily improving

- › We established a new wealth management joint venture with the ING Group in May 2002, creating a new force in funds management and life insurance in Australia and New Zealand. This is an exciting development that fills a strategic gap for ANZ in wealth management

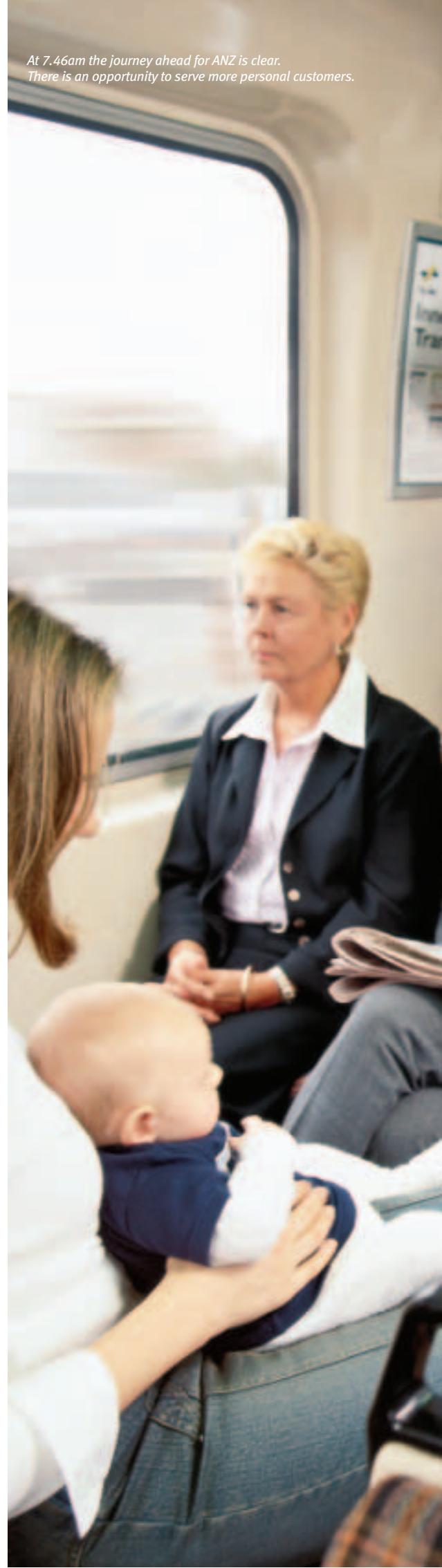
Wealth management is one of the fastest growing areas of financial services. Australians and New Zealanders are increasingly focused on wealth generation and protection and the need to fund their retirement

The joint venture is one of the leaders in wealth management in Australia and New Zealand. ING Australia provides customers with a wider range of products, services and advice through either ANZ or a network of 6,000 professional financial advisers

We have a goal to triple annual investment inflows by 2005 through aligning distribution with customer needs, expanding our sales force of qualified financial planners and using the improved range of products and investment funds offered by ING Australia

- › We are continuing to reinvigorate and invest in our small business franchise. Significant improvements to customer services, further investment in training and increased geographical coverage and industry specialisation are providing a good platform for growth in our market position
- › ANZ has a leading position as a banker to both medium-sized and large corporations in Australia. We were rated #1 in overall satisfaction by corporate customers. The strength of our franchise and capability of our people creates a strong foundation for further growth through continuing to meet the evolving needs of our clients
- › We are exploring options for longer-term growth in our region, primarily in personal financial services. We have expanded our presence in the Pacific with the acquisition of the Bank of Hawaii operations in Papua New Guinea, Vanuatu and Fiji. We have an 11% stake (with an option to increase to 29%) in Indonesia's tenth largest bank, Panin Bank, and contribute technical assistance on strategic, technology and credit issues. We are also exploring opportunities for modest, low risk expansion elsewhere in Asia and the Pacific to develop options for longer term growth

*At 7.46am the journey ahead for ANZ is clear.  
There is an opportunity to serve more personal customers.*





Our  
**challenge** is to take ANZ  
to a new level by investing in  
and attracting **growth**  
more customers.

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## Senior Management

*Left to right*

**David Boyles**  
*Chief Operations Officer*

**Elizabeth Proust**  
*Managing Director,  
Asset Finance*

**Peter Hawkins**  
*Group Managing Director,  
Group Strategic Development*

**John McFarlane**  
*Chief Executive Officer*

**Elmer Funke Kupper**  
*Managing Director,  
Personal Banking and  
Wealth Management*

**Grahame Miller**  
*Managing Director,  
ANZ Investment Bank*

**Roger Davis**  
*Group Managing Director,  
Customer Origination*



Transforming our financial  
and **culture** **performance**  
is creating the foundation  
for tomorrow's bank.

**Peter Marriott**  
Chief Financial Officer

**Mark Lawrence**  
Chief Risk Officer

**Shane Freeman**  
Group General Manager,  
People Capital

**Brian Hartzler**  
Managing Director,  
Consumer Finance

**Bob Edgar**  
Managing Director,  
Corporate Businesses

**Greg Camm**  
Managing Director,  
Mortgages



People are increasingly seeing that ANZ is different. We are more actively focused on attracting and retaining talented people than ever before. And we want to deepen our relationship with customers and the community.

2002 was a challenging but successful year for ANZ. Earnings grew after tax by 15.9% to \$2168 million\*. Earnings per share increased by 16.7%\*.

This continues the more consistent level of performance for shareholders established in recent years. Since 1999, profit has grown at 13.6%\* per annum. Return on equity has increased by four percentage points to 21.6%\* and the cost to income ratio has been reduced to 46%\*.

We have built our performance momentum around three main themes:

- > Strengthened accountability and focus with stretch targets and rewards
- > Divesting activities with poor returns while reducing overall risk
- > Keeping costs tight while growing revenue

We know performance means more than our financial results. ANZ is committed to making a difference, not just for the benefit of shareholders but also for our customers, staff and the wider community.

\*excluding significant transactions during year ended 30 September 2002: the sale of businesses to ING joint venture (profit after tax of \$170m), National Housing Bank recovery (\$159m profit after tax) and special general provision for doubtful debts (\$175m charge after tax). Including significant transactions, the net profit was \$2322m.

**Vision - The Bank with the Human Face**

**Performance**

*Customers*

**Put our customers first**

During 2002, we undertook the following major customer initiatives:

- > Restoring Customer Faith program
- > Appointment of Customer Advocate
- > Simplified fee structure
- > New Access accounts



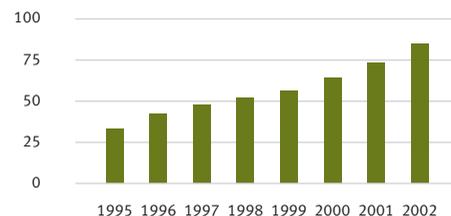
*Shareholders*

**Perform and grow to create value for our shareholders**

We continued to deliver real growth to our shareholders:

- > Achieved record share price
- > Outperformed Australian market as a whole
- > Record dividend per share

**Dividend per Share (c)**

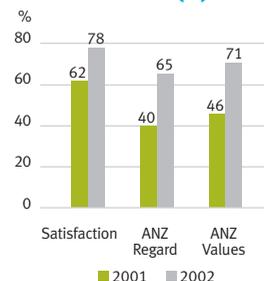


*Staff*

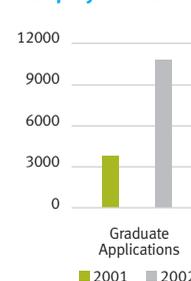
**Lead and inspire each other**

- > Overall staff satisfaction has increased from 52% in 1999 to 78%
- > More staff are recommending ANZ as a place to work
- > Strong employment brand as evidenced by dramatic increase in graduate applications

**Staff Satisfaction (%)**



**Employment Brand**



*Culture*

**Breakout, be bold and have the courage to be different**

- > During 2002, 4,200 staff attended ANZ's Breakout cultural development program
- > Appointed 100 staff as champions and facilitators for the Breakout program
- > Commenced 'Breakout Inspiring Leaders' program to build on our leadership capabilities



*Community*

**Earn the trust of the community**

- > Provided each staff member with 8 hours volunteering leave per year
- > Launched ANZ Community Fund (provides financial and physical support to local organisations identified by local branches)
- > Long term partnerships with Victorian Credit Helpline, Foodbank Australia, Foundation for Rural and Regional Renewal and the ANZ Hollingworth Cadetship Program
- > 8,238 hours of volunteering by ANZ staff

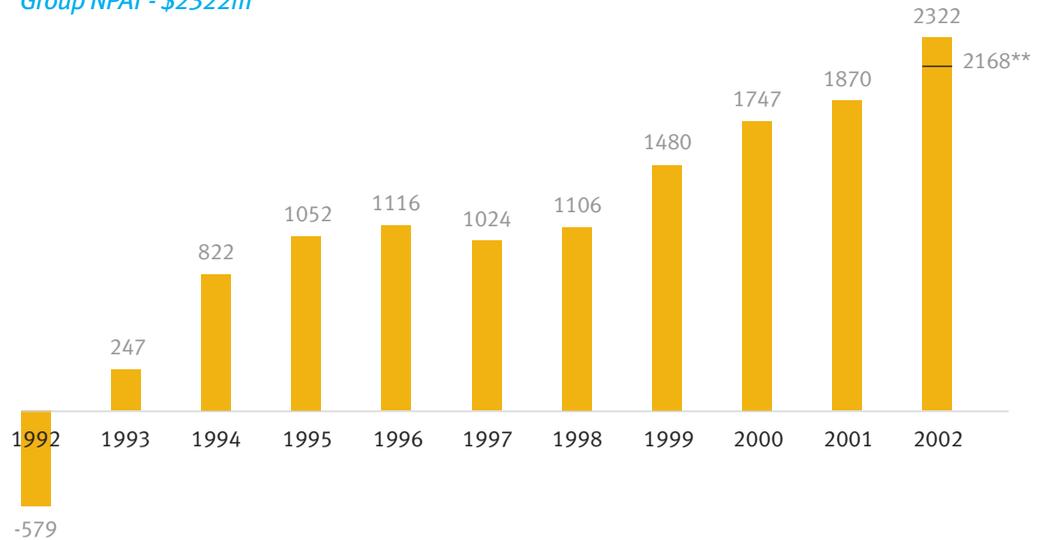


## Track Record: 1992–2002\*

### Group Profit

ANZ's profit in 2002 of \$2322m reflects the strong progress the Group has made over the past 10 years. The period from 1992 to 1995 was one of recovery, as ANZ returned to a stable financial footing following the substantial losses on commercial lending in the early 90s. The period from 1996 to 1998 was one of consolidation, as ANZ began to focus on its core businesses, mainly in Australia and New Zealand. Since 1999, ANZ has focused on improving performance, building new momentum and delivering strong returns to shareholders with a clear focus on productivity.

Group NPAT - \$2322m



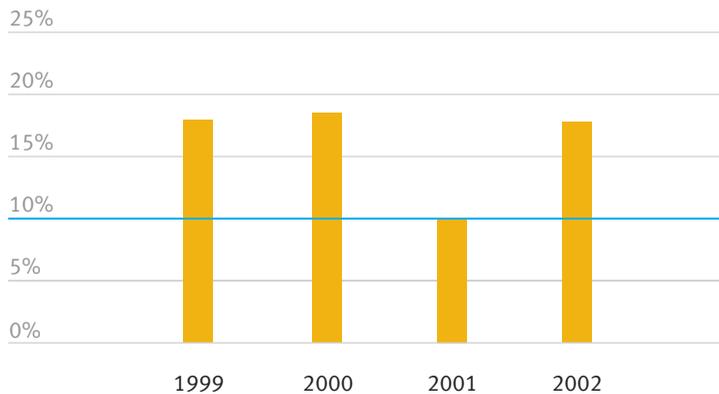
## Financial Targets\*\*

We have achieved or are well on track to achieving our 2003 targets

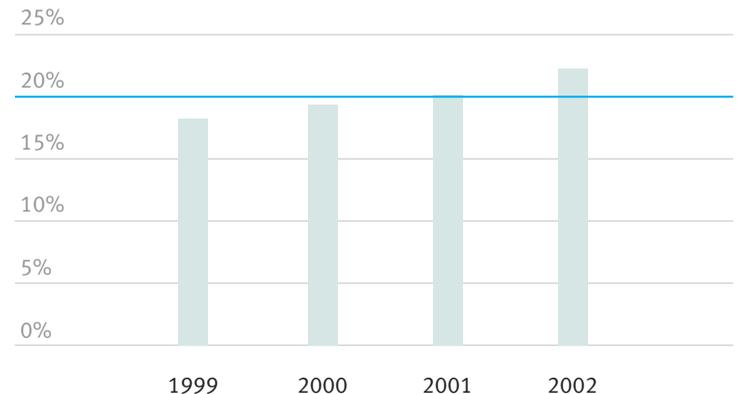


Denotes target achieved

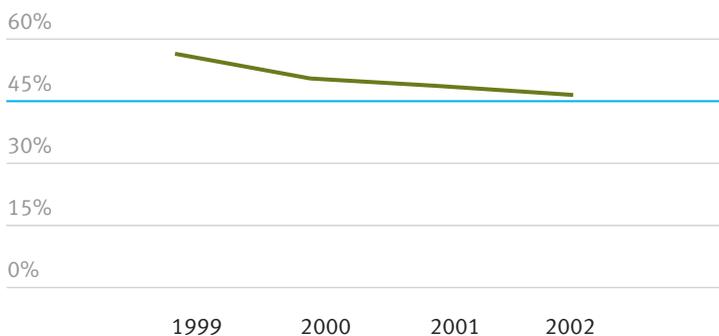
EPS Growth > 10%



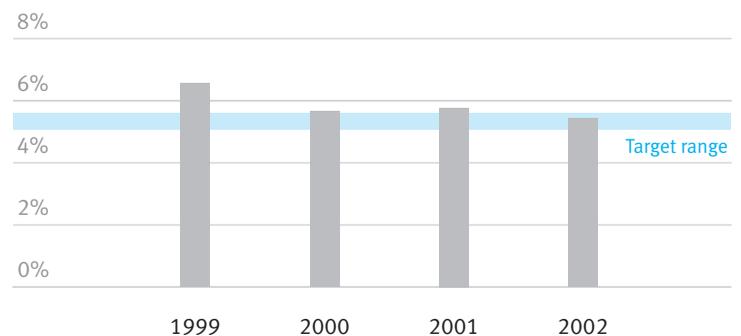
Return on Equity > 20%



Cost to Income Ratio – mid – 40's range



Adjusted Common Equity – target range 5.25% – 5.75%



Credit Rating Maintained AA- credit rating



\*including significant transactions  
\*\*excluding significant transactions

# Chief Financial Officer's Review (continued)

## Notes to change in profit excluding significant transactions\*

### Net Interest Income \$4,018m +4.8%

Growth in net interest income was driven by an increase in net loans and advances (6.8%). Margins were stable over the year, with a decline in mortgage margins offset by improved risk pricing in other business units.

### Non Interest Income \$2,796m +8.7%

Other income growth was driven by lending volume growth in Institutional Banking and Personal Banking Australia, and non lending fees in Consumer Finance due to increases in cards issued and merchant turnover.

### Expenses \$3,153m +2.0%

Expense growth was contained despite Group-wide pay increases for staff and investment in a range of growth initiatives focused mainly on personal businesses. The increase in expenses that these activities generated was partly offset by the shift of ANZ's investment business into a joint venture with ING. These activities are now accounted for as an associate with only ANZ's share of its net result recognized.

### Debt Provisioning Charge \$610m +14.9%

Economic Loss Provisioning (ELP) increased by \$79m, due to both portfolio growth and a central ELP adjustment, reflecting ongoing global uncertainty. This adjustment was calculated on the basis of a one notch rating downgrade of the Global Structured Finance Portfolio. Note: A special ELP top up of \$250m was made during the year, and is included in significant transactions\*.

### Tax and Outside Equity Interest

Increased in line with improved profitability, offset by the change in Australian corporate tax rate from 34% to 30%, which reduced tax expense by \$79m.

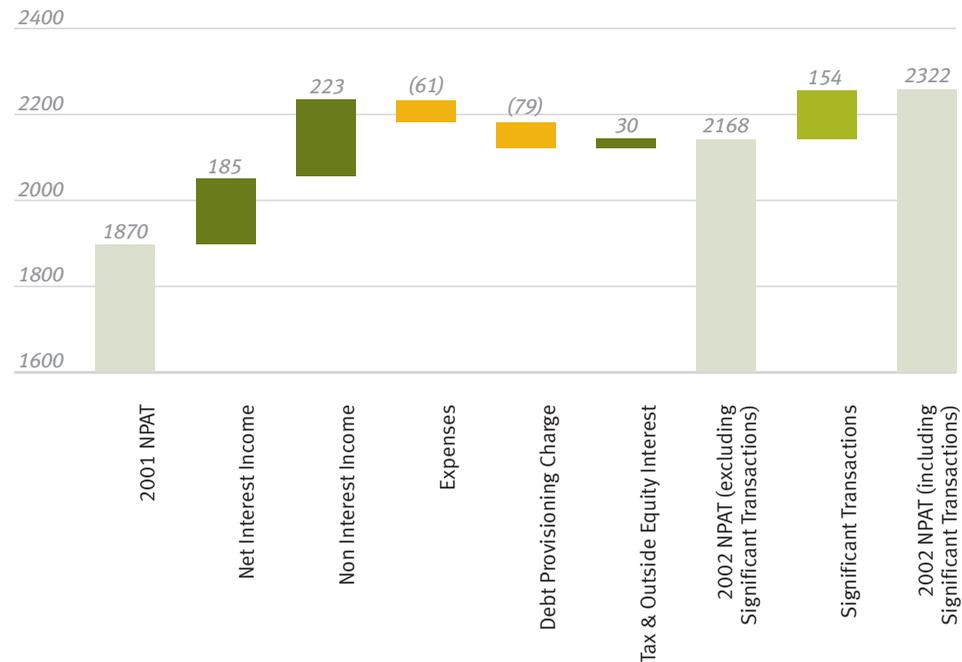
### \*Significant Transactions

- > The sale of businesses to ING joint venture (profit after tax of \$170m);
- > National Housing Bank recovery (\$159m profit after tax); and
- > Special general provision for doubtful debts (\$175m charge after tax).

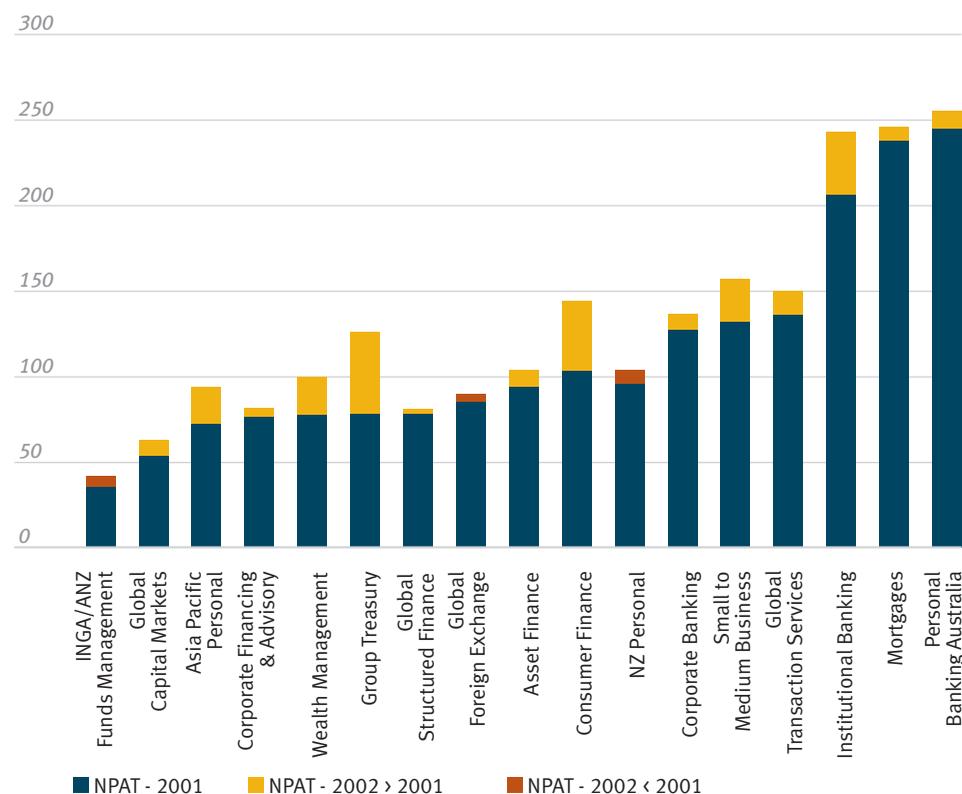
In a challenging and highly competitive environment, ANZ has continued to deliver strong shareholder returns with net profit for the year increasing by 15.9% excluding significant transactions\*. Our improved performance was achieved through maintaining a focus on operational efficiency and growing our income.

These positive factors were partly offset by a deterioration in the international credit environment resulting in higher (but manageable) specific provisions. The overall result for the year benefited from the one-off impacts of the settlement of the NHB litigation and profit on sale of the funds management operations into the joint venture vehicle, partially offset by a special general provision for doubtful debts charge, resulting in headline NPAT (including significant transactions\*) increasing by 24.1% for the year.

## Change in profit 2001-2002 (\$m)



## 2001 to 2002 NPAT Growth (\$m) Improved profitability across most Business Units



**Asset Quality**

- Non Accrual Loans 4.5% decrease
- Net Specific Provisions 40% increase

Non accrual loans decreased over the year reflecting the health of the domestic market, assisted by write-offs of several large exposures. The level of the decrease was partly offset by the downgrade of a small number of international customers who were previously investment-grade.

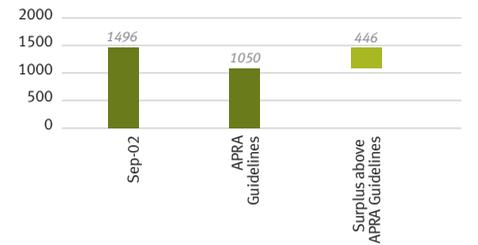
Net Specific Provisions increased to \$728m in 2002 (\$520m in 2001). This increase, however, does not reflect a systemic deterioration of ANZ's credit profile, but rather a small number of large high profile corporate collapses during the year. Four customers represent approximately 50% of the Specific Provision charge for the year, of which \$170m was taken against Enron and a further \$143m against Marconi.

Despite these large single name losses, our Economic Loss Provisioning (ELP) methodology has ensured that all losses are adequately covered, with our General Provision balance above APRA requirements. As part of the regular assessment of the adequacy of the General Provision, a special top up of \$250m was made during the year to increase the General Provision balance to a more prudent level, in light of the prevailing global economic uncertainty and an unusual level of investment-grade defaults.

**Total Group – Non Accrual Loans (\$m)**



**General Provision (\$m) - Total Group**



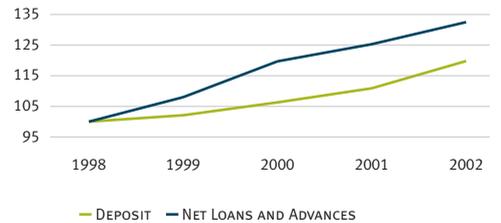
**Balance Sheet Management**

- Net Lending Asset Growth 6.8%
- Deposit Growth 8.0%

Net loans and advances (NLA) increased by 6.8% driven primarily by our mortgages business on the back of a robust Australian property market. Lending in our Consumer Finance and Small to Medium Business segments also increased reflecting our strategies in each segment to increase market share.

Deposits grew by 8% during the year as part of the Bank's continued effort to grow deposits.

**Lending & Deposit Growth (\$b)**



**Capital Management**

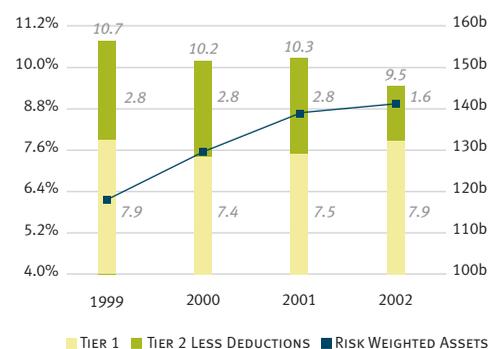
- Tier 1 Capital 7.9%
- Adjusted Common Equity (ACE) 5.7%

Our capital levels remain strong across all major measures. Adjusted Common Equity as a % of Risk Weighted Assets (RWA) is 5.7% (Target Range 5.25%–5.75%).

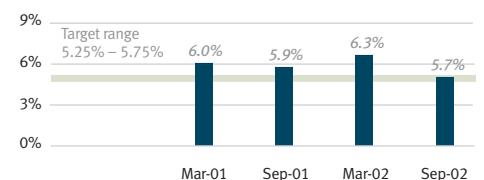
A level of capital at the high end of our target range is considered prudent given the current world economic climate. However, capital levels are continually being reviewed to ensure that an appropriate balance between risk and return is maintained.

Dividends increased to 85 cents (fully franked) from 73 cents in 2001, representing a payout ratio of 58%.

**Regulatory Capital**



**Adjusted Common Equity/Risk Weighted Assets**



## Business Overview

	Personal Banking and Wealth Management			Consumer Finance			Small to Medium Business			Mortgages		
(\$m)	2002	2001	%	2002	2001	%	2002	2001	%	2002	2001	%
Operating Income	2204	2182	1.0%	691	593	16.5%	366	333	9.9%	541	530	2.1%
Operating Expenses	1340	1330	0.8%	308	266	15.8%	124	121	2.5%	161	150	7.3%
Provisions	38	38	0.0%	161	171	-5.8%	16	17	-5.9%	28	24	16.7%
Profit before tax	826	814	1.5%	222	156	42.3%	226	195	15.9%	352	356	-1.1%
Income Tax expense	253	288	-12.2%	73	57	28.1%	69	65	6.2%	106	120	-11.7%
Net profit	573	526	8.9%	149	99	50.5%	157	130	20.8%	246	236	4.2%
Cost to Income Ratio	60.7%	61.0%	-0.3%	43.6%	43.7%	-0.1%	33.9%	36.3%	-2.4%	28.5%	27.0%	1.5%

### Principal Activity

Provides a full range of financial services and advisory products to personal and micro business customers in Australia, New Zealand and the Asia-Pacific region. Comprises Personal Banking Australia, New Zealand and Asia-Pacific, Wealth Management and the ING joint venture.

Delivers consumer finance (cards and personal loans) products and merchant acquiring solutions to personal and business customers across Australia, New Zealand and selected Asian countries.

Provides a full range of financial services for small to medium business customers in Australia and New Zealand. The relationship teams are supported by a wide range of specialist providers from other areas in ANZ.

Provides housing finance to consumers in Australia and New Zealand for both owner occupied and investment purposes.

### 2002 Goals and Achievements

- Establish best in class transaction accounts
- Launched new Access Accounts
- Increase staff involvement in local communities
- Established ANZ Community Fund
- Expand presence throughout the Pacific
- Acquired Bank of Hawaii assets in Vanuatu, Fiji and PNG; Acquired Bank of Kiribati (75% stake)
- Finalise joint venture with a global fund manager
- Established joint venture with ING

- Improve product positioning
- Launched Hong Kong and Indonesian credit cards
- Improve customer experience
- Launched 'Sphere' loyalty program
- Implement new technology and operations platform
- Rolled out new processing platform 'VisionPlus'; deployed chip-based cards and chip-enabled merchant terminals

- Invest in the business to grow customer numbers and improve service
- Increased the number of Relationship Managers
- Launch 'runningmybusiness'
- Launched small business portal 'runningmybusiness.anz.com'
- Establish industry specialisation (franchising team)
- Established specialist franchising team Australia-wide

- Enhance automation and web based delivery of services
- Introduced automated processing for Mortgage Broker applications
- Develop additional 3rd party alliances
- Developed and implemented third party mortgage servicing capability with alliance partners
- Continue product and distribution leadership
- Awarded Australian Mortgage Brokers 'Best Financial Institution To Do Business With'

### 2003 Goals

- Improve market share in core banking products
- Launch complete set of new savings products
- Improve cross sell of wealth management and insurance products
- Continue rollout of Restoring Customer Faith program
- Invest in frontline technology and training

- Deliver a 'quantum leap' in key customer experience and quality dimensions
- Leverage best-in-class operations facilities to drive improved efficiency and lower cost
- Build new revenue streams through product innovation and controlled geographic expansion
- Further strengthen our people resources and execution capabilities

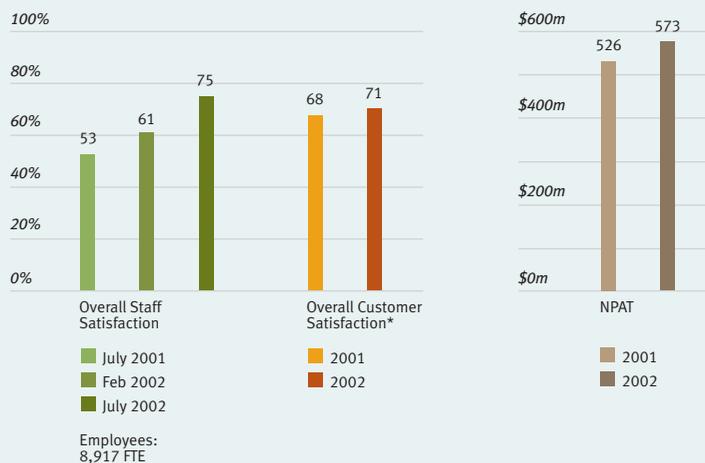
- Maintain growth in the business
- Continue to employ new relationship managers
- Continue to grow the numbers of new customers and improve customer service
- Expand the franchise team and industry specialisation

- Drive above market growth across all channels
- Continue to lead the market with award winning products and strong customer service
- Further build staff and customer advocacy
- Re-engineer 'end-to-end' support functions to improve processing efficiency and customer experience

<i>Asset Finance</i>			<i>Corporate Businesses</i>			<i>ANZ Investment Banking</i>			<i>Operations, Technology and Shared Services and Corporate Centre</i>		
2002	2001	%	2002	2001	%	2002	2001	%	2002	2001	%
397	388	2.3%	1349	1296	4.1%	796	749	6.3%	471	335	40.6%
179	188	-4.8%	445	450	-1.1%	362	354	2.3%	236	231	2.2%
69	65	6.2%	144	149	-3.4%	68	64	6.3%	86	4	Large
149	135	10.4%	760	697	9.0%	366	331	10.6%	149	100	49%
47	43	9.3%	233	231	0.9%	55	43	27.9%	46	67	-31.3%
102	92	10.9%	527	466	13.1%	311	288	8.0%	103	33	Large
44.6%	47.9%	-3.3%	32.9%	34.6%	-1.7%	45.5%	47.3%	-1.8%			
<p>Delivers asset finance, fleet management and equipment rental services and investment products to customers in Australia and New Zealand.</p>			<p>Provides the principal relationship between our corporate customers and all areas of the Bank as well as working capital management, liquidity management and transaction processing.</p>			<p>Provides investment banking products and services, utilising specialist capabilities, innovative products and customised client solutions.</p>			<p>Provides a diverse range of services to the Group.</p> <p>Corporate Centre comprises Group Strategic Development, Group Risk Management, People Capital and Chief Financial Officer's Units including Group Treasury.</p>		
<ul style="list-style-type: none"> <li>■ Improve positioning in fast growing markets</li> <li>■ Achieved strong growth in fleet and vendor finance businesses; service rated highly by over 70% of customers</li> <li>■ Increase returns on traditional asset finance business through e-transformation</li> <li>■ Improved unit cost for servicing and processing efficiency to our business via new technology platform 'Yuetsu'</li> </ul>			<ul style="list-style-type: none"> <li>■ Implement initiative to provide medium-sized companies with access to same range of investment banking services as large institutions</li> <li>■ Realised benefits from extending services to medium-sized companies through our 'Wall Street to Main Street' initiative</li> <li>■ Maintain performing loans at 99% of book</li> <li>■ Continued to achieve target level</li> </ul>			<ul style="list-style-type: none"> <li>■ E-enable, sell or exit those businesses subject to commoditisation and scale economics</li> <li>■ Announced new online trading system providing 24 hour service, faster response, straight through processing and reduced transaction costs</li> <li>■ Become the pre-eminent global structured finance house in chosen geographies</li> <li>■ Rated #1 Asia-Pacific Project Finance Bank of the Year ('Project Finance International' and 'Global Finance' magazines)</li> </ul>			<ul style="list-style-type: none"> <li>■ Implement Common Administration System</li> <li>■ Rolled out Group-wide system providing access to financial information, general ledger, HR functions, procurement, accounts payable and fixed asset processes</li> <li>■ Align business to better meet customer needs and provide more consistent experience</li> <li>■ Commenced usage of cheque image archives for faster response to customer enquiries and internal efficiencies</li> <li>■ Provide highly efficient state-of-the-art payment capabilities</li> <li>■ Delivered major new projects including credit card processing and customer transaction processing</li> </ul>		
<ul style="list-style-type: none"> <li>■ Position business to capture growth opportunities in traditional asset finance and motor vehicle and equipment markets</li> <li>■ Continue to improve our profitability</li> <li>■ Provide an operationally excellent platform to our customers and business partners, such as dealers and brokers</li> <li>■ Attract and retain talented people to our business</li> </ul>			<ul style="list-style-type: none"> <li>■ Continue to create value for our customers through knowledge of customer requirements</li> <li>■ Continue to concentrate on customer profitability by leveraging our balance sheet and increasing cross sell revenue</li> <li>■ Continue to invest in technology to increase efficiency and improve customer experience</li> </ul>			<ul style="list-style-type: none"> <li>■ Continue to capitalise on our core competencies in each of our segments</li> <li>■ Continue to increase the range and complexity of our product suite</li> <li>■ Continue to address credit issues and improve risk mitigation</li> </ul>			<ul style="list-style-type: none"> <li>■ Replace Group Payroll systems</li> <li>■ Complete upgrade of corporate banking and customer transaction processing capabilities</li> <li>■ Commence customer access via web for "self service" enquiries on payments, statements and transactions</li> </ul>		

# Business Reports

## Personal Banking and Wealth Management



Growing our personal banking business is all about the little things we do every day. It's about providing better products and service to individual customers and having the commitment to make good service a reality at the local level.

*Elmer Funke Kupper*  
 Managing Director, Personal Banking and Wealth Management

Personal Banking and Wealth Management includes our Personal Banking businesses in Australia, New Zealand and Asia-Pacific, Wealth Management and our joint venture with ING.

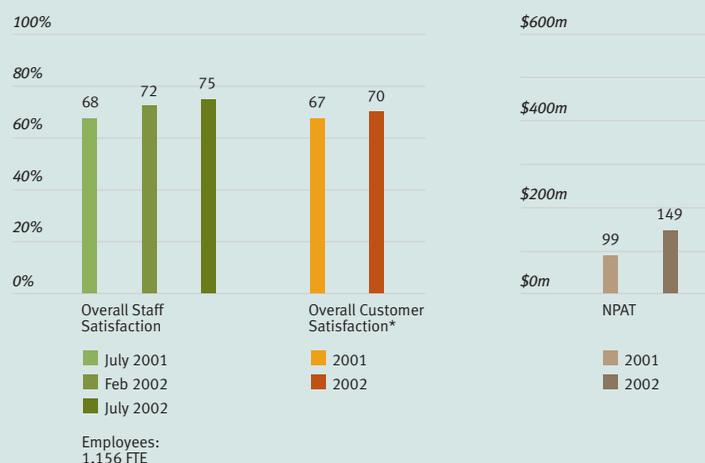
During 2002, earnings rose 8.9% as we continued repositioning these businesses for future growth. This has involved a commitment to transforming our customers' banking experience. We have made some real progress in these areas this year.

- > We launched our new access accounts which now set a new standard in the industry. We have received an award for our product, Access Advantage
- > In May 2002, we made a strategic leap in wealth management through our joint venture with the ING Group, establishing ING Australia as a leader in funds management and life insurance in Australia and New Zealand
- > We implemented the Restoring Customer Faith program in Victoria and New Zealand. This new model for our retail business is being rolled out across Australia and New Zealand during the next two years. It involves giving local staff a greater sense of ownership and freedom by allowing them to put customers first, and supporting our people by investing in modern branch premises, training programs and improved technology
- > Our new Customer Service Charter established clear benchmarks for service to personal and small business customers
- > We extended our leadership position in the Pacific through acquisitions in Kiribati, Papua New Guinea, Vanuatu and Fiji, and through investment in electronic banking and new products

Our challenge is to build on this new momentum to take our Personal Banking and Wealth Management businesses to the next level by continuing to focus on growing our revenue and customer base. We will make key investments in our product suite, technology and training programs.

Source: Roberts Research\*

## Consumer Finance



We are repositioning Consumer Finance to build a growth business for the future through investment in state-of-the-art technology and by creating a great team of people. Our aim is to continue to deliver innovative products and a distinctive service experience for our customers.

*Brian Hartzler*  
 Managing Director, Consumer Finance

Consumer Finance, which includes credit cards, merchant payment solutions, ePayment products and personal loans, has performed well in 2002.

Earnings were up 50.5%, based on growth in the credit card portfolio following the collapse of competitor airline loyalty programs, increases in card spending volumes, higher merchant acquiring share, and improved credit performance particularly in personal loans.

Our specialist approach has allowed us to focus on the quality of our people and technology to deliver products efficiently with high levels of customer satisfaction. This focus is showing results, including the highest credit card satisfaction among our major competitors and a 7% increase in staff satisfaction.

Our 2002 results reflect a number of significant technology investments designed to support future growth. During the year, we were the first bank in Australia and New Zealand to commence converting our credit card technology to chip. The \$50 million investment in new chip-based cards and chip-capable 'MultiPOS' terminals provides an early mover advantage with cardholders and merchants. This included launching Sphere, a new chip-based reward program, for ANZ First customers.

In March, we replaced our main processing platform with a new system called VisionPlus. This system will allow us to provide more flexible, customised, and responsive service to customers and reduce costs through greater processing efficiencies.

We have also improved our share of merchant acquiring; introduced new on-line tools for our customers and staff; reduced fraud losses through the application of neural network technology; and taken early steps to extend our credit card business into Asia by launching credit cards in Hong Kong.

### Small to Medium Business



We are revitalising our small to medium business presence. Our people have more authority to make pricing and credit decisions and meet customer needs. By improving service and delivering a full range of financial solutions for customers we are creating growth for the future.

*Graham Hodges*  
Managing Director, Small to Medium Business

The small to medium business sector is an important growth opportunity for ANZ. During 2002, we continued to develop our specialist focus by implementing a distinctive new service proposition – one focused on developing the quality of our people and empowering them to address customer needs more effectively.

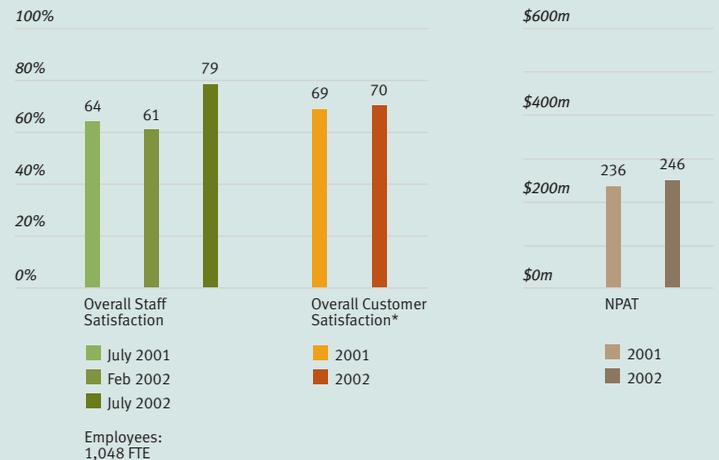
The new service proposition directly addresses some of the key drivers of customer satisfaction – being flexible and responsive around customer needs, providing expert advice and innovative products and a long-term focus to customer relationships. We have expanded our geographic ‘footprint’ and developed specialist industry segments such as franchising.

Our efforts have begun to pay dividends. Customer satisfaction has risen from 66% in 2001 to 69% in 2002. Staff satisfaction increased from 59% in 2001 to 75% in 2002. We also received recognition in Personal Investor magazine’s financial services awards for the Best Business Transaction Account, Best Small Business Web Site and the Lifestyle Package Banking Award for Small Business.

During the year, Small to Medium Business earnings grew 20.8% driven by growth in new customers, increased share of business from our existing customers, and higher deposit and lending volumes.

While we have a long way to go to build a market-leading position, we have made good progress in 2002. We will continue to invest in the business, by growing our geographic presence, serving our customers better, developing new products and extending our specialist capabilities.

### Mortgages



The difference our specialist focus creates is a team of people who live and breathe mortgages – a team which is growing our business by helping around 1000 families into home ownership every day.

*Greg Camm*  
Managing Director, Mortgages

Growing our Mortgage business starts with good products. In 2002, for the fourth year in a row, we received Personal Investor magazine’s award for Home Lender of the Year, reflecting the first rate features and competitiveness of our mortgage products.

Good products don’t add value without high levels of customer service, and this year we invested heavily in technology and resources to develop faster, more responsive ways of serving our customers.

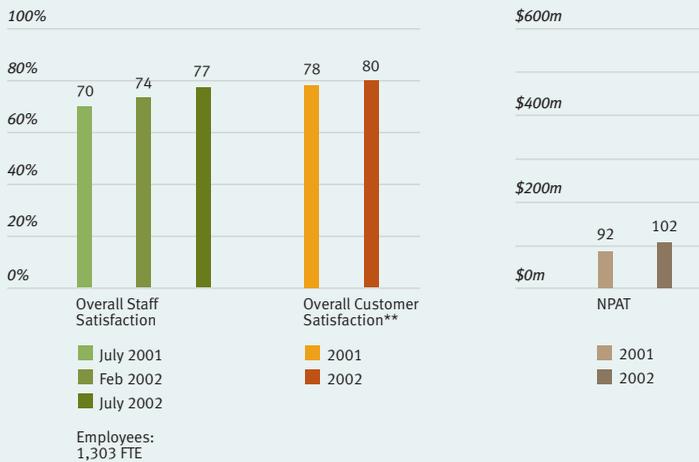
This has included implementation of new online systems to allow mortgage applications in Australia and New Zealand (including broker channels) to be lodged electronically, speeding up processing and approvals. We have also developed new businesses in the wholesale funding and servicing of third party mortgages.

We are already seeing some early results. While we have taken a conservative position on risk, we have approved mortgages in record numbers in the second half of 2002.

Loans outstanding have grown by 16% over the year. Brokers have voted us ‘the best bank to do business with’. These results have, however, been impacted by pressure on margins through increased funding costs in the rising interest rate environment, resulting in 4.2% earnings growth to \$246 million.

## Business Reports (continued)

### Asset Finance



We are a leading provider of vehicle and equipment finance and rental services. That requires a consistent focus on fast, convenient finance and rental experience for our customers, providing value for our business partners and creating an environment for our people to excel.

*Elizabeth Proust*  
Managing Director, Asset Finance

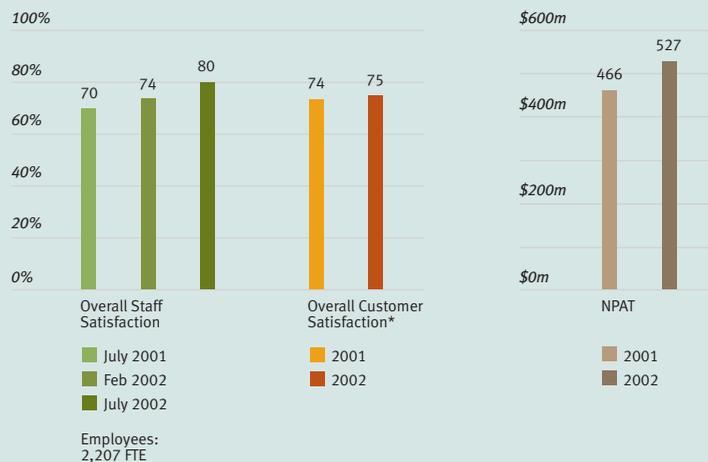
Esanda and UDC are our asset finance and rental businesses in Australia and New Zealand. We specialise in supporting our customers and business partners, such as dealers and brokers, through vehicle and equipment finance, vehicle fleet and equipment management and servicing, and debenture investments.

The asset finance and rental market is highly competitive and has experienced consolidation and increased margin pressures in recent years. Our response has been a series of initiatives to develop a more sustainable market leadership position. This includes a program of efficiency improvements involving investments in technology and process re-engineering and redesign, and a focus on improving credit quality.

Our efforts are already starting to show results. Earnings in 2002 are up 10.9%. Customer satisfaction remains strong at 80% and staff satisfaction has also risen to 77%. These results reflect the specialised culture and identity we have developed around serving our business and personal customers.

There is still much to do. We need to create an operationally excellent platform for our customers and business partners and continue to attract and retain talented people. This focus will provide a platform to capture future growth opportunities and continue to improve profitability within our asset finance business.

### Corporate Businesses



It's been a tough year but we have continued to deliver through our unique competitive position. Our client franchise, high levels of customer satisfaction and the expertise of our people continue to allow us to reshape the business and create growth.

*Bob Edgar*  
Managing Director, Corporate Businesses

Corporate Businesses includes our relationships with middle-market corporate clients, major Australian and international institutions and corporations, and Global Transaction Services which provides products to support working capital management, liquidity management and transaction processing.

It has been a subdued year in the domestic business market. Although consumer sentiment has helped drive growth in the domestic economy, the business market has been relatively quiet. It has been even more difficult internationally.

However, ANZ has an enviable franchise in the business market. Among the major Australian banks, customers again rated us #1 in satisfaction for both the corporate and institutional markets.

- › Earnings in Corporate Banking were up 6.3% despite restrained balance sheet growth reflecting the contribution of lending, leasing and deposit products
- › Institutional Banking faced a more challenging international environment in 2002. Earnings were up 18.5%, mainly from lending fee income
- › Global Transaction Services earnings were up 11.1% with growth in structured trade partly off-set by downturns in foreign cash and travellers cheques following September 11 and a repositioning of the trade finance portfolio to reduce risk

Our performance is also a reflection of the quality and commitment of our people, with high levels of satisfaction reflected in our staff survey results.

Our client franchise and high levels of customer satisfaction together provide a strong combination that continues to allow us to explore opportunities to reshape the business and create growth.

## ANZ Investment Bank



We are developing a strong, distinctive business focusing on the depth of our specialist product range combined with our traditional strengths, the quality of our people, our customer franchise and concentration on key geographies.

*Grahame Miller*  
Managing Director, ANZ Investment Bank

ANZ Investment Bank, which includes our structured and corporate finance, capital markets and foreign exchange businesses, has produced a solid performance in a challenging international environment.

- › We remained the premier Australian foreign exchange (FX) bank globally. Although earnings were down 3.4%, reflecting lower FX volatility internationally and tightened credit conditions, growth in FX amongst funds management clients and e-commerce are positioning us for the future
- › Global Capital Markets was ranked #1 by Asia Money magazine in Interest Rate and Credit Derivatives, and #1 in Australian and New Zealand Loans by Basis Point magazine. Earnings were up 20.8% supported by debt, derivative and securitisation deal flow
- › Corporate Financing and Advisory earnings grew 9.7% reflecting a range of leading roles in major project financings and the development of growth businesses in private equity capital and leveraged finance
- › Global Structured Finance produced earnings growth of 10.5%, achieving a strong performance in project and structured finance and industrial transportation and growth in non-lending fees, despite subdued markets

We incurred significant specific provision losses from loans made to two major international companies that collapsed during the year, namely Enron and Marconi. Following this, further steps have and are being taken to address credit issues and improve risk mitigation internationally. The net profit after tax results reflect economic loss provisioning, not the specific losses incurred during each year. Our strong business foundation is enabling us to continue to reshape our business and focus on new growth opportunities in private equity products and securitisation and increased fee-based structuring and advisory activities.

## Operations, Technology and Shared Services and Corporate Centre



Our teams are focused on supporting ANZ's specialist businesses by providing strategic direction, technology, financial governance and shared services at best practice cost, in a way which creates freedom and avoids unnecessary bureaucracy within the Group.

Operations, Technology and Support Services (OTSS) is responsible for ANZ's global technology platforms, development and maintenance of business applications, the Group's payments business and shared services.

Providing these services is about a working partnership between our technology, payments and other specialists and each of our businesses. The objective is to provide our customers with superior personalised services at lower cost.

In 2002, OTSS worked on a number of projects including the replacement of front-to-back systems for our Asset Finance business, installation of a common administrative system for the Group, rollout of a new branch sales platform and implementation of a new platform for our cards business called VisionPlus.

ANZ's Corporate Centre provides a diverse range of services to the Group. It comprises Group Strategic Development, Group Risk Management, People Capital and Chief Financial Officer's (CFO) Units including Group Treasury.

Group Strategic Development works closely with the businesses to strengthen and maximise their performance. In 2002, ANZ launched a new funds management joint venture with ING as well as acquired the Bank of Hawaii's Pacific businesses.

Group Risk Management is responsible for the organisation's risk strategies, policies and processes. 2002 achievements are detailed on pages 38 and 39.

People Capital is involved in leading a range of initiatives to help build organisational capability, and deliver the best opportunities to our people. 2002 achievements are detailed on pages 15 and 22.

CFO Units are responsible for the Group's financial governance. In 2002, the Company won several awards in recognition of the quality of its disclosure with CFO Units being major contributors to this transparency.

Group Treasury, part of CFO Units, provides cash flow support, ensures liquidity, manages interest rate risk and provides capital to our businesses. In 2002, Treasury's earnings increased 65% to \$124 million, reflecting strong interest income from interest rate risk management activities.

## Where we are

ANZ is committed to providing world class banking facilities in our home markets of Australia and New Zealand, together with extending these facilities throughout the Asia-Pacific region. Complementing our Regional focus is a strong presence in the world's major financial centres of the United States of America, United Kingdom and Europe, giving us a global reach in support of the international activities of our customers.

### Asia

Operating Income	\$261m
Cost to Income	43.3%
NPAT	\$101m
External Assets	\$7.4b
# Employees	617

#### Principal Activity

Personal Banking, Trade, Investment Banking, Private Banking

### Australia

### New Zealand

### Pacific

American Samoa  
Cook Islands  
East Timor  
Fiji  
Kiribati  
Papua New Guinea  
Samoa  
Solomon Islands  
Tonga  
Vanuatu

### Asia

China  
Hong Kong  
Indonesia  
Japan  
Korea  
Malaysia  
Philippines  
Singapore  
Taiwan  
Thailand  
Vietnam

### Europe

France  
Germany

### United Kingdom

### United States of America



**United States of America**

Operating Income	\$167m
Cost to Income	29.9%
NPAT	\$60m
External Assets	\$5.4b
# Employees	98

*Principal Activity*  
Investment Banking

**United Kingdom, Europe & other**

Operating Income	\$223m
Cost to Income	49.3%
NPAT	\$64m
External Assets	\$9.9b
# Employees	755

*Principal Activity*  
Investment Banking



\*Including significant transactions

**Australia**

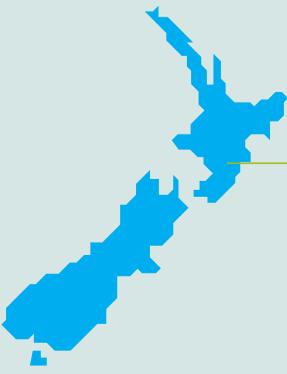
Operating Income	\$5160m
Cost to Income	39.7%
NPAT*	\$1708m
External Assets	\$135b
# Employees	15879
# Branches	738

*Principal Activity*  
Full Banking Services

**Pacific**

Operating Income	\$191m
Cost to Income	49.8%
NPAT	\$59m
External Assets	\$1.6b
# Employees	1434

*Principal Activity*  
Personal Banking



**New Zealand**

Operating Income	\$986m
Cost to Income	47.4%
NPAT*	\$330m
External Assets	\$24b
# Employees	3698
# Branches	146

*Principal Activity*  
Full Banking Services

inte

grity

# Integrity is at the core of every relationship we have with our customers, staff and shareholders. It's about earning their trust.

Our customers have to have absolute confidence in the safety of funds they invest with us. We must be honest and transparent in the way we deal with them. We also expect our customers to be honest and accurate in what they tell us about their financial position.

Working in financial services means our staff deal with issues of ethics and integrity every day. We have a Code of Conduct to underpin ethical behaviour. However, we have to continue to create a culture where legal, ethical and honest behaviour is just the way we are and the way we work.

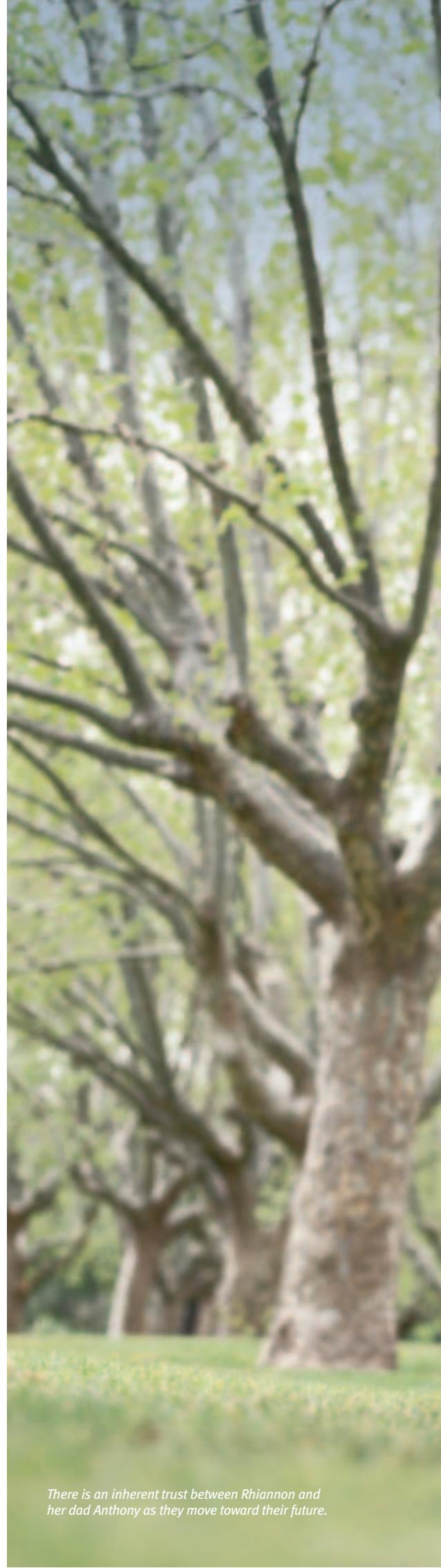
Investors are demanding higher standards of corporate governance. For our shareholders, integrity means confidence in the investment they have made in us. It means consistent, no-surprises performance and a commitment to transparent reporting, timely and accurate disclosures and management accountability.

In 2002, the ANZ Board undertook a review of governance procedures focused on further strengthening ANZ's standards of corporate governance, disclosure and transparency.

The changes relating to Board committees, their membership and their charters are outlined on pages 43 and 44.

A range of other governance measures were introduced including:

- › A new policy covering ANZ's relationship with its auditor. The policy limits and controls the provision of services by ANZ's auditor by restricting engagements undertaken by the external auditor to audit or audit-related services. Certain other services can only be provided where they cannot be perceived as potentially conflicting with the independent role of the auditor and where they have been approved by ANZ's Audit Committee
- › Enhancing our Serious Complaints Process which protects staff who raise issues regarding internal procedures
- › New reporting arrangements for the Company's internal audit function which now reports directly to the Board's Audit Committee
- › Providing enhanced disclosure and discussion of critical accounting policies, and disclosure of off-balance sheet vehicles (refer to Financial Report)
- › Index-linked options provided to executives to raise the performance hurdle and more closely link options to our performance relative to our competitors
- › An in-principle decision to expense options in the year they are granted. We will implement this change as soon as the tax and Australian Accounting Standards implications are clarified



Our business is based on **Integrity**  
It's about **trust** – being what you say you are,  
doing what you say you will do.



# We are building a medium growth, low risk bank.

### ANZ's Risk Management Vision and Strategy

ANZ is underpinned by an ongoing focus on risk issues and strategy at the highest levels and a comprehensive risk management framework comprising:

- › The Board, providing overall leadership and monitoring progress
- › A strong basis for Group-wide risk management policies, procedures and systems, overseen by an independent central team of risk professionals headed by the Chief Risk Officer reporting to the Chief Executive Officer
- › The use of sophisticated risk tools, applications and processes to execute our global risk management strategy across the Group
- › Primary Business Unit-level accountability for management of risks in alignment with the Group's strategy

### Risk Management and the Board

The Board of Directors, through the Risk Management Committee, approves the Group's risk appetite and is responsible for overseeing and approving ANZ's risk management strategy and policies. The Risk Management Committee meets regularly to monitor that the requisite culture, practices and systems are in place across the Group, to discuss the Group's response to emerging risk issues and trends, and to review the effectiveness of the risk management systems.

### A Strong Framework for Risk Strategy

Management has the primary responsibility for identifying and evaluating significant risks to the business and for implementing suitable controls.

Responsibility for the implementation of risk policy and for ensuring that there is an effective top-level control framework is delegated to the Chief Risk Officer.

The Chief Risk Officer implements the risk strategies and policies approved by the Board by leveraging specialist expertise within Group Risk Management in three key types of risk: Credit Risk, Market Risk and Operational Risk. Group Risk Management is also responsible for setting risk policy, determining risk measurement methodology, overseeing the Business Units' compliance with policies, regulations and laws, and undertaking regular risk evaluation and reporting. All of these functions are undertaken by risk professionals with extensive experience.

### Business Unit Level Accountability for Risk Management

Within each Business Unit, the Managing Director has primary responsibility for risk management. Each Business Unit has a risk management team and receives further assistance from a senior risk professional who provides strategic guidance and advice. This partnership approach ensures timely communication about risk issues as they arise and also provides the means for effective governance and oversight by the Chief Risk Officer.

The various risks inherent in the operations of the Group may be broadly grouped together under the following three categories:

#### 1. Credit Risk

Credit Risk policy and management are principally executed through two dedicated departments — Wholesale Risk and Retail Risk.

Wholesale Risk services the Group's Corporate, Institutional and Global Investment Banking activities, while Retail Risk services the Group's consumer-based businesses.

All major credit decisions (or automated decision processes) for the Group's corporate and consumer businesses require dual approval by both Group Risk Management and Business Unit-based personnel.

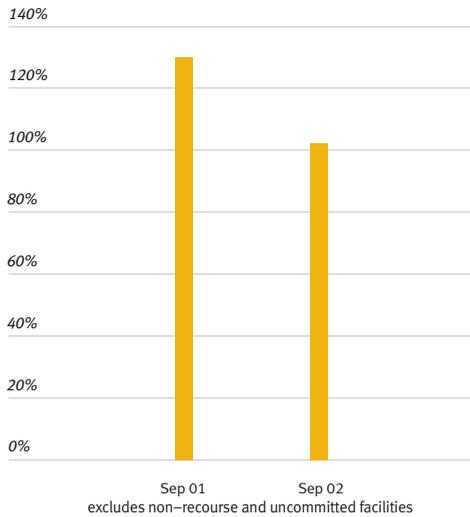
#### Review of 2002

2002 was a very difficult year in the international credit markets highlighted by large corporate failures and accounting frauds, continued difficulties in the energy and telecommunications industries, increased share market volatility and an overall trend towards increased risk aversion. In recognition of these events, and consistent with ANZ's objective to improve continually our core risk management processes to industry leading levels, we have implemented a number of substantial enhancements to our framework for managing credit risk in 2002.

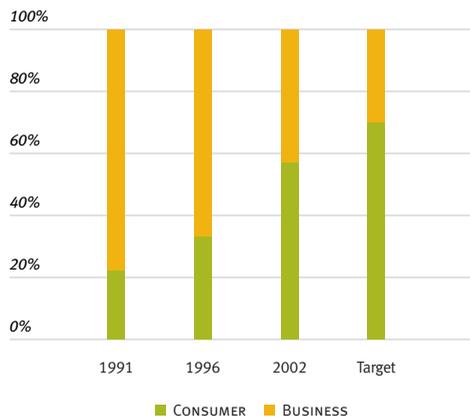
Specific improvements include:

- › Continuing the trend of previous years, ANZ's largest corporate exposures were further materially reduced in 2002. The aggregate of our top 10 committed exposures as a percentage of Adjusted Common Equity declined over the last year from greater than 130% in September 2001 to approximately 100% in September 2002
- › Further substantial reductions were made to the limits applying to our single customer exposures. These limits vary with the credit rating and geographical location of the customer; the limits applicable to offshore customers are 40% lower than those applicable in Australia and New Zealand. In addition, inner sub-limits on funded exposures were introduced in October 2002
- › Cross-border limits were further materially reduced (post September 11) in South Asia, Middle East and Asia

**Top 10 Exposures as percentage of Adjusted Common Equity**



**Continued Portfolio Re-Weighting as a percentage of Group Assets**



- › ANZ’s internal credit ratings are now regularly and systematically reviewed against movements in external ratings, market indices, credit spreads and other industry indicators for “early warning” purposes
- › ANZ’s internal risk grading scale was expanded from 10 to 27 customer credit ratings
- › A new credit cost calculator, ‘C-Risk’, was implemented, which calculates economic credit costs for individual facilities
- › A wider application of sophisticated risk measurement tools in the retail sector, resulting in more efficient and effective credit assessment processes. Credit policies were tightened in certain specific areas

Despite a difficult economic environment in 2002, the overall quality of ANZ’s corporate and consumer credit portfolios remains sound. Australian and New Zealand risk profiles remain stable with the international profile being affected by a small number of larger corporate downgrades. The assessment of counterparty credit worthiness has been enhanced through providing greater weighting to the quality and integrity of counterparties’ financial disclosure. Concentration limits on certain industries, sectors and customers have been reviewed and further aligned to the Group’s risk appetite.

**2. Market Risk**

Market Risk is the risk that the Group will incur losses from changes in interest rates, foreign exchange rates or the prices of equity shares and indices, commodities, debt securities and other financial contracts, including derivatives. It is managed by a variety of different techniques with Group Risk Management setting limits to control trading positions and interest rate risk up to Board authorised totals.

*Review of 2002*

During the year, rollout of a new ‘Market Risk Engine’ was completed. This major initiative enables better aggregation and measurement of market risks across asset classes (eg, equities, foreign exchange and interest rate products), and positions ANZ at the forefront of market risk management capability.

Other key undertakings over the year, which focus particularly on the crossover dynamics between Credit Risk and Market Risk, include:

- › Establishment of a new framework to enable trading in credit derivatives. This capability introduces another tool to support ‘best practice’ management of the Group’s credit portfolio, the creation of structured investment products for clients, and enhanced trading capability
- › Evaluation of market risk management capabilities at clients exposed to significant market risks in their core business, thereby improving the Group’s overall management of credit risk associated with these clients

**3. Operating Risk**

Operating Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Group Risk Management is responsible for establishing Group policy and for the measurement, monitoring and reporting of operating risk across the Group.

*Review of 2002*

ANZ’s operating risk framework, policy and procedures continue to be strengthened in line with new and emerging risk trends. Key activities in 2002 included:

- › Further development of ANZ’s methodology for operational risk measurement and economic capital allocation
- › Strong focus on fraud risk management, including implementation of an updated Group fraud policy, enhanced technology tools and development of industry solutions in conjunction with Government and industry groups
- › Refinement of the Group’s business continuity capability in line with new and emerging threats, reinforced by crisis management exercises
- › Significant enhancement to ANZ’s regulatory compliance framework, including policies to address money laundering, criminal and terrorist financing, privacy and customer disability, and procedures for electronic funds transfer

**Looking Forward**

ANZ’s risk management capabilities are considered to be a strategic asset and a source of competitive advantage. Through effective use of technology and strong management focus, we seek to strengthen further the Group’s risk capabilities and culture to ensure that ANZ remains at the forefront of risk management capability within the banking and financial services industry.

# Environmental Report

This year we have commenced an important review to extend our approach to corporate sustainability. The aim is to develop an approach which will assist us in achieving long-term shareholder value by focussing on the market's potential for sustainability products and services while at the same time successfully reducing and avoiding sustainability costs and risks. This aim is to develop a framework for greater self-awareness and action.

Although there is still much to do, we have made some early progress.

In June 2002, ANZ's infrastructure investment business established Wind Power Investment Trust. The Trust is considering investments to enable the development of wind farms in New South Wales, South Australia and Victoria, which would deliver in excess of 300MW of green energy into the national energy market.

ANZ has also focused on minimising the direct impact of its operations on the environment. To support this we have expanded our Environmental Management Program through the ANZ Green Office initiative including joining the Federal Government's Greenhouse Challenge.

The Green Office initiative addresses the impact ANZ has on the environment through its consumption of energy, the waste materials we produce and the water we consume.

## Energy

We have joined the Property Council of Australia/Sustainable Energy Authority of Victoria's Energy Smart Leaders Program, an initiative aimed at reducing our energy consumption and reducing Greenhouse emissions.

So far we have conducted a number of energy audits of our major buildings in Melbourne. These audits have identified potential savings of Greenhouse gases between 1,700 and 2,500 tonnes. Green Teams have been established to act on the audit findings and ensure we achieve these energy savings. For example, during 2002 the initial energy saving at our 55 Collins Street, Melbourne building resulted in an immediate 10% drop in Greenhouse emissions and a \$30,000 saving in energy costs.

ANZ received the 2002 Outstanding Achievement Award for successful involvement in the Energy Smart Leaders Program.

## Waste

During 2002, we participated in a Best Practice Waste Management Trial to ensure we recover and recycle all used office paper. Although ANZ already has a comprehensive paper recycling system, the trial resulted in an increase of 65 tonnes in the quantity of paper recycled over a three-month period. This is being supported by a company-wide Work Practices Review to identify ways ANZ can reduce paper in the first instance.

We know, however, that waste is a wider issue than just paper. Recently, a waste audit of one of our major buildings was conducted by Visy to identify the potential to reduce our current waste to landfill. We have started to act on the audit's recommendations that have the potential to reduce waste to landfill by almost 75%.

We are supporting these initiatives by engaging our people on environmental issues. An environmental site on ANZ's intranet has been established to advise staff of ways they can actively participate in initiatives across the Bank and in the community. This includes staff using their Volunteer Leave to work on environmental projects with a community organisation.

## Purchasing

ANZ has begun to review all purchasing contracts with a focus on environmental sustainability. The initial focus is on recycled paper purchasing, use of cleaning chemicals and the development of sustainability criteria for tenders as evidenced in a recent office furniture request for tender.

Our progress has been recognised with ANZ continuing to be included in two leading indices of Corporate Sustainability in 2002—the Dow Jones Sustainability World Index and Financial Times FTSE4Good Global Index.

We know, however, there is much more for us to achieve. The journey ahead is about building on our progress so far to develop a comprehensive sustainability agenda that can demonstrate a high level of commitment and action in addressing global and industry social and environmental challenges.

**Incorporating sustainability  
in the workplace needs to  
become an integral part of  
our business.**

In October 2001, we launched our first Australian Customer Service Charter in a further step towards improving ANZ's value and service to its customers.

We also promised to have our performance against the promises in the Customer Charter independently reviewed by ANZ's auditors, KPMG, and to publicly report the results. The KPMG review is underway and the results will be made available in our Customer Charter Annual Report.

Our internal review of our performance against the promises in the 2001 Customer Charter has been encouraging but in some areas we still have work to do to consistently meet customer expectations.

**Our Promise: Simple, fast account opening**

- › Personal Banking – open accounts within 24 hours

**Standard Loan Applications**

- › Personal Loans – answered within one working day
- › Home Loans – answered within two working days
- › Car Loans – answered within one working day

If we do not meet these standards, we will refund one month's standard fee or equivalent.

**Our Performance:**

- › We have improved our processes so we can open personal bank accounts on the spot. This makes it difficult to accurately determine delays. However, we have refunded over \$800 in fees in nearly 150 cases where delays have been identified
- › Nearly 100% of personal loan applications were answered within one day
- › Identified fewer than 2% of home loan applications which were answered beyond 2 days and refunded over \$26,000 of fees. We are also working towards developing enhanced systems and processes to ensure completeness of reporting for home loans
- › Over 99% of car loan applications were answered within one day; refunded over \$4,300 of fees
- › In total, over \$31,000 of fees were refunded for accounts opened or loan applications answered beyond our promised times. We are continually improving our systems and processes to ensure that we consistently meet our promises

**Our Promise: Access**

- › Internet banking and Website – available more than 99% of the time
- › Phone banking service – available more than 98%
- › Network of ATMs – available more than 98%
- › Lost & stolen cards hotline – available 24 hours, 7 days a week
- › Esanda phone service – available 8am to 7.30pm AEST weekdays and 9am to 5pm on Saturdays

**Our Performance:**

- › We exceeded Internet banking and website target of 99% except for two months when the availability was 98.9% and 98.6%

- › We exceeded Phone Banking and ATM Banking target of 98%

- › Internally, our Cards hotline and Esanda phone service were staffed for availability 100% of the times promised. We are also seeking details from our telecom provider to monitor the extent to which our telephone lines were accessible by our customers

**Our Promise: We will respect your personal information**

- › We will keep private the information you have provided to us

**Our Performance:**

We have guidelines in place to ensure that we comply with this promise. We measure our compliance based on the privacy-related enquiries received from our customers by our National Customer Liaison unit. We have received 25 valid enquiries which we have addressed with our customers. We are further improving our internal monitoring systems and processes for keeping our customers' information private

**Our Promise: Information we provide to you will be written in plain language**

**Our Performance:**

We have implemented processes to ensure that we provide our customers information written in plain language by using:

- › Simple language easily understood by the intended reader
- › Short, clear and concise statements that avoid use of jargon
- › Consistent written expression and punctuation
- › Structured sentences/paragraphs and headings that guide the reader through the communication

Our customer satisfaction score with our communication improved from 6.9 to 7.2 out of 10

**Our Promise: Resolving complaints—if we make a mistake, we will put it right**

- › Respond to complaints addressed to our National Customer Liaison Unit within 48 hours
- › Resolve complaints within 10 working days
- › Advise how much longer it will take to resolve these complaints if it takes more than 10 working days

**Our Performance:**

- › We responded to 100% of complaints received by our National Customer Liaison unit within 48 hours
- › We resolved 70% of complaints within 10 days
- › We are developing a comprehensive complaint resolution system which will help us ensure completeness of reporting and further improve our performance

We expanded the Customer Charter in April 2002, extending the Charter to cover small business as well as our personal customers and adding new promises on fees and quick, convenient banking services.

**Our New Promise: Quick, convenient branch banking**

- › Teller service within 5 minutes and extended banking hours

**Our Performance:**

- › The average waiting time was under 3 minutes at 40 branches where ANZ has a queue measurement system. The maximum wait time, however, was nearly 21 minutes at these branches. We are working to improve this performance by looking at staffing levels and resourcing for peak periods. We are also extending banking hours and offering Saturday banking at several of our branches

**Our New Promise: Fast, efficient phone service**

- › Calls answered within 1 minute and notification of expected waiting time on our 13 13 14 and 13 22 73 numbers

**Our Performance:**

- › 13 13 14 – 89% calls answered within 1 minute
- › 13 22 73 – 94% calls answered within 1 minute

**Our New Promise: Simple accounts, fees and charges**

**Our Performance:**

- › Introduced two new lower cost Access accounts with simpler fees. For example, Access Advantage offers unlimited ANZ transactions for \$5 per month. We have also reviewed our fees and charges and helped our customers understand them by directly communicating those which are frequently applicable to their accounts

**Our New Promise: Building relationships with the community**

**Our Performance:**

- › Maintained our rural branches and opened a new branch in Koroit
- › Continued to offer fee-free branch banking for seniors
- › Continued to offer 15 fee-free transactions and no monthly fee for Centrelink payment recipients and healthcare cardholders

We've made promises to our customers that we intend to keep.

# Corporate Governance Statement

## Board Responsibility

The Board is responsible to shareholders for the operations of the Company. It sets the strategic direction and financial objectives for the Company and delegates responsibility for the management of the Company to the Chief Executive Officer and senior management. The Board is responsible for ensuring that the Company has appropriate governance arrangements in place for the benefit of all shareholders.

The Board aims to carry out its responsibilities so as to create and build sustainable value for the benefit of shareholders and other stakeholders. The Board has adopted a Charter which sets out, among other things, roles and responsibilities of the Board. The Board's responsibilities include:

- › Appointing the Chief Executive Officer, and reviewing his/her performance and remuneration
- › Setting objectives, strategies and budgets, and monitoring and assessing management's performance in achieving each
- › Monitoring compliance with regulatory requirements and ethical standards
- › Approving policies and overseeing governance and compliance practices relating to management of risk, conduct of internal audit and human resources management

The Board is also responsible for reviewing the operations of all Business Units together with the major functional areas of the Company at least once per year to satisfy itself that each Unit's strategy, policy and direction are consistent with those of the Company.

The Board recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of ANZ's shareholders, as well as its employees, customers, and the community. The Board works to promote and maintain an environment within ANZ that establishes these principles as basic guidelines for all its employees and representatives at all times.

Directors meet regularly in private sessions without management being present. Non-executive directors also meet regularly, at least twice a year, without the Chief Executive Officer or management being present.

## Board Composition

### *Board Size & Membership*

Directors, as a Board and through the Nominations & Corporate Governance Committee of the Board, regularly review the size and composition of the Board. It is policy that, at a minimum, the Board be comprised of five directors. The Board's policy also states that the Chairman be a non-executive director and that the majority of the Board be comprised of non-executive directors.

At the time of this report, the Board comprises eight directors; a non-executive chairman, six other non-executive directors, and the Chief Executive Officer.

### *Director Appointments*

The Board aims to bring a balance of skills, experience and views to its deliberations. The Board, through the Nominations & Corporate Governance Committee, engages external consultants to assist it in identifying appropriate candidates for consideration as Board members.

On their appointment, directors are provided with information setting out their entitlements, duties and responsibilities including Board policies.

### *Current Directors*

At the time of this Annual Report, the Board comprises:

Mr. Charles Goode AC, Chairman  
Mr. John Dahlsen  
Dr. Roderick Deane  
Mr. Jerry Ellis  
Mr. David Gonski AO (appointed February 2002)  
Ms. Margaret Jackson  
Mr. John McFarlane OBE, CEO  
Dr. Brian Scott AO

Further details on directors are available on pages 46 and 47 of this Annual Report.

### *Independence & Directors' Dealings*

All non-executive directors have been determined by the Board to be independent and, other than in their capacity as a director of the Company, not to have a material relationship with the Company. Details on the definition of 'independent' and 'material relationship' as determined by the Board can be found on [www.anz.com](http://www.anz.com).

The Board has adopted a policy on Disclosure of Interests which provides processes for:

- › The disclosure by directors of certain interests
- › How actual or potential conflicts of interest are to be addressed

A copy of this policy is available on [www.anz.com](http://www.anz.com).

## Performance of Chairman and Directors

The full Board is responsible for reviewing the performance of the Chairman. It is the responsibility of the Chairman, with input from the Nominations & Corporate Governance Committee, to assess the performance of each director.

### **Retirement**

Directors are required to retire at the age of 70 years. Directors appointed since 1993 have agreed to retire after fifteen year's service.

### **Work of the Board**

#### *Access to Directors*

Employees and shareholders have access to the directors either directly or through the Company Secretary.

#### *Operational Familiarisation*

Directors take part in site visits to branches and various areas of the Company's operations in order to familiarise themselves with the Company's business. To facilitate interaction between management, customers and directors, information briefings with management and customers as well as social and working events are scheduled regularly. In addition, directors participate in shareholder briefings held in Australia and overseas at regular intervals.

#### *Briefings & Updates*

As appropriate and when required, directors take part in various Company briefings and updates on key business issues, emerging trends, matters relevant to their role as directors and changes in technology or support systems.

#### *Independent Advice*

In order to assist directors to fulfil their responsibilities, each director has the right, with the prior approval of the Chairman, to seek independent professional advice regarding their responsibilities at Company expense. In addition, the Board and each Committee may obtain professional advice at Company expense if required to assist in their work.

## Board Committee Structure

### Main Committees

In February 2002, the Board commenced a review of its corporate governance practices. The outcomes of the review, now largely implemented, resulted in the formation of new Committees, new membership structure of Committees, updated Committee Charters and the dissolution of the Human Resources Committee (as of March 2002).

There are now four main Board Committees:

- › Audit Committee
- › Risk Management Committee
- › Nominations & Corporate Governance Committee (with effect from 1 July 2002)
- › Compensation Committee (with effect from 1 July 2002)

Each of the four main Committees is comprised solely of independent directors (as previously defined), has its own Charter and has the power to direct any special investigations it deems necessary. A copy of each Committee Charter can be found on [www.anz.com](http://www.anz.com).

The Chief Executive Officer, John McFarlane, attends all Committee meetings by invitation of each Committee. He is not present, however, if this could compromise proceedings. He also does not attend any meeting where his remuneration or performance is considered or discussed. Directors may attend any meeting of a committee when it is discussing a subject in which they have a special interest.

### Audit Committee

- › Mr. John Dahlsen, Chairman
- › Mr. Charles Goode
- › Ms. Margaret Jackson
- › Dr. Brian Scott

The Audit Committee is responsible for the appointment, evaluation, compensation and oversight of the external auditor. It also oversees and monitors the Company's financial reporting principles, controls, policies and procedures, the work of the internal audit group, the integrity of the Company's financial statements and prudential supervision procedures as required by regulators.

All members of the Audit Committee must be financially literate and at least one member of the Committee be determined to be a 'financial expert' as defined by the Board. Further details on the definition of 'financial expert' can be found on [www.anz.com](http://www.anz.com).

The Audit Committee meets at least four times per year. The external auditor and the head of internal audit attend every meeting of the Audit Committee by invitation. It is the policy of the Audit Committee to meet with the external auditor in the absence of management at each of its regularly scheduled meetings. The Chairman of the Audit Committee also meets separately and regularly with the head of internal audit and the external auditor.

The Audit Committee and the Board have approved a policy on the provision of audit and non-audit services by the external auditor, which effectively limits the non-audit services that may be provided by the external auditor. A copy of this policy can be found on [www.anz.com](http://www.anz.com).

### Risk Management Committee

- › Mr. Jerry Ellis, Chairman
- › Mr. John Dahlsen
- › Dr. Roderick Deane
- › Mr. David Gonski
- › Mr. Charles Goode
- › Ms. Margaret Jackson
- › Dr. Brian Scott

The Risk Management Committee's function is to review risk in the business. It is responsible for overseeing and monitoring the Group's risk management principles and policies, strategies, processes and controls including credit, market, balance sheet and operating risk. It may approve credit transactions and other matters beyond the approval discretion of executive management. The Risk Management Committee met nine times during the year. Further details on ANZ's management of risk issues can be found on pages 38 and 39 of this Annual Report.

## Nominations & Corporate Governance Committee

- › Dr. Brian Scott, Chairman
- › Mr. David Gonski
- › Mr. Charles Goode
- › Ms. Margaret Jackson

The purpose of the Nominations & Corporate Governance Committee is to identify individuals qualified to become Board members and recommend them to the Board for nomination as members of the Board and its Committees; to review the performance of the Board and the members of the Board; to review and recommend corporate governance principles, practices and procedures for ANZ; and to review the Board and Committee structure to ensure that the Board can properly perform its oversight and monitoring function. The Committee meets at least twice a year.

### Compensation Committee

- › Dr. Brian Scott, Chairman
- › Mr. John Dahlsen
- › Dr. Roderick Deane
- › Mr. Jerry Ellis
- › Mr. David Gonski
- › Mr. Charles Goode
- › Ms. Margaret Jackson

The Compensation Committee makes recommendations to the Board in respect of the Company's compensation program including any equity-based programs and evaluates the performance of and recommends the compensation for senior executive officers and Board appointees including the Chief Executive Officer. The Compensation Committee meets at least three times during the year. Details on ANZ's remuneration policy, including equity-based remuneration, can be found on page 52 of this Annual Report.

### Additional Committees

In addition to the four main Board Committees, the Board has constituted the Shares Committee and the Executive Committee which convene when necessary. The Shares Committee, comprising a minimum of two directors, has the power to administer the Company's Employee Share Plan and Employee Share Option Plan. The Executive Committee, comprising three directors, has the full power of the Board and is convened as necessary in between regularly scheduled Board meetings. The Board also forms and delegates authority to ad hoc Committees of the Board as and when needed to carry out its functions.

On page 45 is a table setting out details of directors' attendance at Board and Committee meetings during the course of the last financial year.

ANZ has been recognised  
in a major shareholder survey  
as being one of the best  
governed companies in Australia.

# Corporate Governance Statement (cont)

## Remuneration of Non-Executive Directors

Non-executive directors' fees are determined by the Board of Directors based on advice from external advisors including reference to fees paid to non-executive directors of comparable companies.

Non-executive directors' fees are within the limit approved by shareholders at the 21 January 1998 Annual General Meeting. Directors' fees are set at levels that fairly represent the responsibilities of and time spent by the non-executive directors on ANZ-related matters.

Directors may elect to take all or part of their fees in shares under the Directors' Share Plan which was approved by shareholders at the 1999 Annual General Meeting. Under this plan, shares are bought on market to an equivalent value to the fee that would otherwise have been paid to the director and are held in trust for the director for at least one year.

Non-executive directors also participate in the directors retirement plan, which provides that, after eight years of service, a director may receive a retirement benefit equivalent to the last thirty six months of fees (pro-rated for a lesser period of service).

On page 45 is a table detailing the remuneration of each non-executive director for the last financial year.

## Equity Participation by Non-Executive Directors

It is Board policy that all directors have a share qualification of at least 2000 ANZ shares. In addition, as set out above, directors may participate in the Directors' Share Plan. Details of directors' shareholdings are set out on page 45 of this Annual Report.

## Executive Remuneration including Employee Share and Option Plans

The objective of ANZ's remuneration policy is to ensure that remuneration packages properly reflect the duties and responsibilities of the senior executives and are sufficient to attract, retain and motivate personnel of the requisite quality. The policy focuses on creating value for shareholders by rewarding senior employees based on enhancement of shareholder value through improvements in Economic Value Added™ (EVA™).

There are three components to executive remuneration packages, a fixed component and two variable or 'at risk' components; short-term incentive (STI) and long-term incentive (LTI). The fixed reward is generally targeted to the market median levels being paid in the finance industry in the relevant markets in which ANZ operates. The STI and LTI components are based on performance and reflect achievements against agreed key result areas and competencies.

A detailed discussion on executive remuneration and a table setting out the remuneration of senior officers of the Company can be found on page 53 of this Annual Report.

## Company Policies

The Board has approved and adopted policies to apply to employees within the Group. Summaries of the policies can be found on [www.anz.com](http://www.anz.com).

### *Code of Conduct for Directors and Code of Conduct for Employees*

These policies set out the ethical standards expected of directors and employees. The codes require that directors and employees adhere to the law, that they disclose their own relevant interests, that they act in the best interest of the Group and that they act honestly and ethically in all their dealings. The policies also cover such matters as the confidentiality of information, acceptance of gifts or entertainment and use of ANZ goods, services and facilities.

### *Market (Information) Disclosure Policy (reviewed and updated in 2002)*

ANZ is committed to achieving best practice in the area of market disclosure. The policy is designed to ensure that there is full and timely disclosure of ANZ's activities to shareholders and the market. It is important that all shareholders have an equal opportunity to receive or obtain information issued by ANZ. This policy covers announcements that must be lodged with stock exchanges as well as announcements and presentations made to analysts, investors and the media. It requires that once material information is disclosed to the relevant stock exchanges, it will be placed on [www.anz.com](http://www.anz.com).

### *Share Trading Policy (reviewed and updated in 2002)*

The policy covers trading in ANZ securities by directors and all employees as well as contractors and consultants engaged by ANZ. The Share Trading Policy prohibits trading for all persons aware of unpublished ANZ price sensitive information. In addition, it specifically prohibits trading by directors, certain employees, contractors and consultants working in specific areas of the Company during blackout periods. There are two blackout periods each year, covering approximately six weeks leading up to the day after the announcement of the half year and full year results.

### *Employee Indemnity Policy*

This policy provides that the Company will indemnify employees against any liability incurred in carrying out their roles subject to certain requirements being met. Further details on this policy and on indemnities given to certain employees can be found on page 54 of this Annual Report.

### *Serious Complaints Process (approved in 2002)*

ANZ has a history of implementing policies and procedures consistent with responsible and well-managed business practices. The Serious Complaints Process is an additional mechanism by which ANZ staff, contractors and consultants may voice concerns they have regarding any potential malpractice or impropriety that they find within ANZ. It is intended to operate as a last resort and requires that protection be given to employees against dismissal or penalty as a result of disclosing concerns in good faith.

## Relationship with the External Auditor

As highlighted on page 43, the Audit Committee policy on non-audit services states the audit-related and some non-audit services that may be conducted by ANZ's external auditor. It sets in place a formal approval process regarding the provision of non-audit services, which are only considered where they are not perceived to be in conflict with the role of auditor. This approval process is the responsibility of the Audit Committee.

### *Significant Accounting Policies*

Details of the significant accounting policies and any changes in accounting policies made since the date of the last Annual Report are set out in the Financial Report and on [www.anz.com](http://www.anz.com).

## Group (Internal) Audit

Group Audit provides independent assurance that the design and operation of the risk and control framework across the Company is effective. The internal audit function operates under a Charter from the Audit Committee that gives it unrestricted access to review all activities of the Company. The Group General Manager Audit reports to the Chairman of the Audit Committee.

A risk-based audit approach is used to ensure that the higher risk activities in each business are audited each year. All audits are conducted in a manner that conforms to international auditing standards. Group Audit plays an active role in ensuring compliance with the requirements of supervisory regulatory authorities, including APRA. Group Audit also works collaboratively with the external auditor to ensure a comprehensive audit scope.

## Political Donations

In Australia in the year to September 2002, ANZ donated \$150,000 to the Liberal Party and \$75,000 to the Labor Party.

We've made real progress in reinforcing a strong framework of good governance.

## Non-Executive Director Emoluments

Amounts in \$	Fees Paid						Total
	Cash	Value of deferred shares <sup>1</sup>	Subsidiary Board	Committee Chairman's fee	Retirement Benefit	Superannuation contributions	
<b>Non-executive directors</b>							
C B Goode (Chairman)	76,000	274,000	–	–	–	9,468	359,468
J C Dahlsen	110,000	–	–	17,500	–	9,464	136,964
R S Deane	110,000	–	93,744 <sup>3</sup>	–	–	8,954	212,698
J K Ellis	89,000	21,000	–	17,500	–	9,464	136,964
D M Gonski <sup>2</sup>	71,194	–	17,747	–	–	6,556	95,497
M A Jackson	110,000	–	5,824	–	–	9,309	125,133
B W Scott	83,748	26,252	–	13,750	–	9,464	133,214
G K Toomey <sup>4</sup>	–	–	–	–	98,090	–	98,090
<b>Total</b>	<b>649,942</b>	<b>321,252</b>	<b>117,315</b>	<b>48,750</b>	<b>98,090</b>	<b>62,679</b>	<b>1,298,028</b>

1 Participation in Directors' Share Plan. Value of shares at the date they were purchased on market

2 Appointed 7 February 2002

3 Fees paid in NZ\$ converted at average exchange rate of 1.20

4 Resigned 8 October 2001

## Directors' Meetings

The number of Board meetings and Committee meetings held during the year, and attended by each director are set out in the following table:

	Board		Risk Management		Audit		Human Resources <sup>1</sup>		Executive Committee		Shares Committee		Committee of the Board		Nominations & Corporate Governance Committee		Compensation <sup>4</sup> Committee	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
C B Goode	10	10	9	8	8	8	2	2	7	7	7	7	7	7	1	1	1	1
J C Dahlsen	10	9	9	7	8	8	–	–	3	3	–	–	–	–	1	1	1	1
R S Deane <sup>1</sup>	10	10	9	6	–	–	–	–	–	–	–	–	–	–	–	–	1	1
J K Ellis	10	10	9	9	–	–	2	2	–	–	3	3	1	1	–	–	1	1
D M Gonski <sup>2</sup>	7	6	7	6	–	–	–	–	–	–	–	–	–	–	1	1	1	1
M A Jackson	10	10	6	5	8	8	–	–	3	3	–	–	1	1	1	1	1	1
J McFarlane	10	10	9	7	–	–	2	2	7	7	1	1	6	6	–	–	1	1
B W Scott	10	10	6	5	8	8	2	2	–	–	7	7	–	–	1	1	1	1

Column A - Indicates the number of meetings the Director was eligible to attend

Column B - The number of meetings attended. The Chairman is an ex-officio member of all Board Committees

1 New Zealand resident

2 Appointed 7 February 2002

3 Disbanded 31 March 2002

4 Formed 1 July 2002

## Directors' Shareholdings

	Beneficially held		Non-beneficially held Shares	
	Shares <sup>1</sup>	Options <sup>2</sup>		
C B Goode	218,779	–	143,986	–
J C Dahlsen	83,400	–	8,500	–
R S Deane	75,000	–	–	–
J K Ellis	57,601	–	–	–
D M Gonski	2,000	–	–	–
M A Jackson	73,406	–	–	–
J McFarlane	1,132,370	2,500,000	–	–
B W Scott	69,982	–	–	–
<b>Total</b>	<b>1,712,538</b>	<b>2,500,000</b>	<b>152,486</b>	<b>–</b>

1 Shares include deferred shares

2 750,000 options are exercisable at \$11.49 from 31 December 2002 to 31 December 2004 inclusive, 750,000 options are exercisable at \$14.78 from 31 December 2003 to 31 December 2004 inclusive and 500,000 options are exercisable at \$17.20 from 31 December 2004 to 31 December 2005 inclusive; however, the options may be exercised only if the ANZ Accumulation Index over the period from the date on which the options are granted to the last trading day of any month occurring during the relevant exercise period equals or exceeds the ASX 100 Accumulation Index calculated over the same period. 500,000 options are exercisable at \$17.52 from 31 December 2003 to 31 December 2007 inclusive; however, one half of the options may be exercised only if the ANZ Total Shareholder Return ("ANZTSR") calculated over the period commencing on the date of grant and ending on the last day of any month after the second anniversary of their date of grant exceeds the percentage change in the S&P/ASX 200 Banks (Industry Group) Accumulation Index (formerly the Accumulated Banking and Finance Index) over that same period; the other half of the options may be exercised only if the ANZTSR calculated over the relevant period exceeds the percentage change in the S&P/ASX 100 Accumulation Index over that same period.

## Board of Directors

### Mr. C B Goode AC

B Com (Hons) (Melb),  
MBA (Columbia University, New York),  
Hon LLD (Melb), Hon LLD (Monash)

Chairman  
Company Director.

Director since July 1991,  
appointed Chairman August 1995.  
Mr Goode is ex-officio member of  
all Board Committees. Mr Goode is  
Chairman of Woodside Petroleum  
and Director of Singapore Airlines  
Ltd. Chairman of the Ian Potter  
Foundation and Howard Florey  
Institute of Experimental  
Physiology and Medicine.

Lives in Melbourne. Age 64



### Dr. B W Scott AO

B Ec, MBA, DBA

Company Director.

Director since August 1985. Dr Scott  
is Chairman of the Nominations &  
Corporate Governance Committee  
and Compensation Committee and  
Member of the Audit Committee  
and Risk Management Committee.  
Chairman of Management Frontiers  
Pty Ltd, and The Foundation for  
Development Co-operation Ltd. Director  
of Air Liquide Australia Ltd and the James  
N. Kirby Foundation Ltd. Australian  
member of the Board of Governors,  
Asian Institute of Management. Former  
Federal President, Institute of Directors  
in Australia.

Lives in Sydney. Age 67



### Mr. J K Ellis

MA (Oxon) FAICD, Hon FIE Aust, FAusIMM, FTSE

Company Director.

Director since October 1995.  
Mr Ellis is Chairman of the  
Risk Management Committee  
and member of the Compensation  
Committee. He is Chairman of  
Pacifica Group Ltd,  
Australia-Japan Foundation  
and Black Range Minerals Ltd.  
Director of GroPep Ltd and  
Chancellor of Monash University.  
Former Chairman, BHP Ltd  
and International Copper  
Association Ltd.

Lives in Melbourne. Age 65



### Mr. J McFarlane OBE

MA, MBA

Chief Executive Officer.

Appointed October 1997. Directorships include  
The Business Council of Australia, the Australian  
Graduate School of Management and the Financial  
Markets Foundation for Children. Former Group  
Executive Director, Standard Chartered PLC  
(1993-1997), Head of Citibank, United Kingdom  
(1990-1993), Managing Director, Citicorp  
Investment Bank Ltd (1987-1990), Director  
London Stock Exchange (1989-1991).

Lives in Melbourne. Age 55

**Ms. M A Jackson**

B Econ, MBA, FCA

Company Director.

Director since March 1994. Ms Jackson is a member of the Audit Committee, Risk Management Committee, Compensation Committee and Nominations & Corporate Governance Committee. She is Chairman of Qantas Airways Ltd, Chairperson of Methodist Ladies College. Director of The Brain Research Institute and Billabong International Ltd. Board Member of Howard Florey Institute of Experimental Physiology and Medicine.

Lives in Melbourne. Age 49



**Dr. R S Deane**

PHD, B Com (Hons), FCA, FCIS, FNZIM

Company Director

Director since September 1994. Dr Deane is a member of the Risk Management Committee, Compensation Committee and Chairman of ANZ Banking Group (New Zealand) Ltd. He is Chairman of Telecom New Zealand Ltd, Fletcher Building Ltd and Te Papa Tongarewa (Museum of New Zealand). He has a number of directorships including TransAlta Corporation (Canada) and Woolworths Ltd. Formerly Chief Executive and Managing Director, Telecom New Zealand Ltd, Chief Executive, Electricity Corporation of New Zealand Ltd, Chairman of Fletcher Challenge Ltd, State Services Commission, Alternate Executive Director, International Monetary Fund and Deputy Governor, Reserve Bank of New Zealand.

Lives in Wellington, New Zealand. Age 61



**Mr. J C Dahlsen**

LLB, MBA (Melb)

Solicitor and Company Director.

Director since May 1985. Mr Dahlsen is Chairman of the Audit Committee and a member of the Risk Management Committee and Compensation Committee. Mr Dahlsen is a former Consultant to and Partner of the legal firm Corrs Chambers Westgarth. He is Chairman of Southern Cross Broadcasting (Australia) Ltd, and a director of The Smith Family and J. C. Dahlsen Pty Ltd Group. Former Chairman of Woolworths Ltd, Melbourne Business School Ltd, The Herald and Weekly Times Ltd and Deputy Chairman Myer Emporium Ltd.

Lives in Melbourne. Age 67



**Mr. D M Gonski AO**

B Com, LLB

Company Director.

Director since February 2002. Mr Gonski is a member of the Risk Management Committee, Compensation Committee and the Nominations & Corporate Governance Committee and a Director of ING Australia Ltd. He is Chairman of Coca Cola Amatil Ltd and Investec Wentworth Pty Ltd, Director of Westfield Holdings Ltd and John Fairfax Holdings Ltd. Mr Gonski is Chairman of the National Institute of Dramatic Art (NIDA) and the Art Gallery of New South Wales.

Lives in Sydney. Age 49

# Guide to the Financial Report

## Introduction

The Annual Report of ANZ is a key communication to our stakeholders. ANZ presents two reports, the ANZ Annual Report (this document) and the ANZ Financial Report. Both reports show how ANZ performed during the year ended 30 September 2002 and the overall financial position of the Group at the end of the year. ANZ also publishes a results announcement to the market each half year. All these documents can be accessed on [www.anz.com](http://www.anz.com).

ANZ prepares its financial reports in accordance with Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers and this guide is designed to assist readers to better understand the report.

## Annual Report Contents

The ANZ Annual Report has two main sections. The front section contains information about significant matters that impacted the management and performance of ANZ during the year, including discussion and analysis of the financial results, updates on the 17 business units and Group-wide programs and information on the directors and senior management.

The back section, the Concise Financial Report, contains financial information required by Australian Accounting Standards including the Consolidated Statements of Financial Performance, Financial Position and Cash Flows. These statements have been prepared by ANZ's staff, reviewed by ANZ's Audit Committee and Board, and audited by our external auditor, KPMG. The assets, liabilities and results of controlled companies are included within the consolidated results of the Group.

## Consolidated Statement of Financial Performance

Financial performance refers to ANZ's profit for the year including:

- › The sources of ANZ's income split between interest income and other income
- › The expenses incurred by ANZ during the year, which include interest expense and other expenses
- › The provision for doubtful debts which represents the economic loss provisioning (ELP) charge
- › ANZ's tax expense for the year

The key figure to look at is 'Net profit attributable to shareholders of the Company', which is the profit for the year.

## Consolidated Statement of Financial Position

This Statement is a summary of the assets, liabilities and shareholders' equity as at 30 September 2002. It shows what ANZ as a Group owns as assets, what it owes as liabilities and the ANZ Group's net assets. Net assets are equal to total shareholders' equity.

The assets and liabilities are listed in order of liquidity, with those assets representing cash shown first and those hardest to convert to cash i.e. fixed assets, last.

## Assets

ANZ's assets include:

- › Liquid assets – the cash or cash equivalents held by ANZ
- › Due from other financial institutions – the monies owed to ANZ by other banks and financial institutions
- › Trading securities – the securities held by ANZ that are regularly bought and sold as part of its normal trading activities
- › Investment securities – the investments in securities that ANZ intends to hold to maturity
- › Net loans and advances – ANZ's largest asset by value, this consists of the loans ANZ has advanced to individuals and organisations, less an allowance for doubtful loan recoveries
- › Customers' liabilities for acceptances – the amounts owed to the Group from customers for acceptances, a form of lending
- › Life insurance investment assets – the assets held in life insurance investment funds. For the year ended 30 September 2002, this figure is nil as ANZ sold its life business into a joint venture company
- › Regulatory deposits – the cash ANZ has deposited at central banks to meet regulatory requirements
- › Shares in associates – ANZ's investment in companies where the interest is large enough to provide influence rather than control over the company
- › Deferred tax assets – the future tax savings to the Group as a result of timing differences that arise due to different treatment of transactions under accounting and tax rules
- › Goodwill – the remaining amount, after amortisation, of the historic excess over net asset value paid by ANZ for the acquisition of other companies
- › Other assets – includes the assets that do not fit into the above categories including the increase in market value of amounts receivable from derivatives (refer also to 'Payables and other liabilities') and interest accrued and not yet received
- › Premises and equipment – the value of all the land, buildings, furniture, equipment, etc. which is owned by the Group

## Liabilities

ANZ's liabilities include:

- › Due to other financial institutions – the monies owed to other Banks and financial institutions by ANZ
- › Deposits and other borrowings – ANZ's largest liability, this represents ANZ's obligation to its depositors
- › Liability for acceptances – the amount owed to customers who have purchased customer acceptances from the Group

- › Income tax liabilities – the amounts payable in respect of income tax
- › Payables and other liabilities – includes various operating creditors, accrued interest payable and market value of amounts payable on derivatives held by the Group
- › Provisions – the Group's accrued obligation for long service, annual leave, dividend payments and other obligations which although known, are not yet payable
- › Life insurance policy liabilities – the amounts owed to investors in the Group's life insurance investment funds. For the year ended 30 September 2002, this figure is nil as ANZ sold its life business into a joint venture company
- › Bonds and notes – the Group's liability for long-term financing bond and note facilities issued in wholesale markets to provide long-term financing
- › Loan capital – the long-term funding that would rank behind other creditors, and ahead of only shareholders' in the event of a winding up

## Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. The net asset value of the Group is equal to total shareholders' equity.

## Total Shareholders' Equity

Components that make up shareholders' equity are:

- › Ordinary and preference share capital – the amounts received when shares were originally subscribed for
- › Reserves – retained profits plus surpluses or deficits arising from (for example) revaluations of properties, foreign exchange gains or losses on capital in offshore operations
- › Retained Profits – the amount of profits retained by the Group

## Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows summarises the Group's cash payments and cash receipts for the financial year. The values may differ from those shown in the Consolidated Statement of Financial Performance because the Consolidated Statement of Financial Performance is prepared on an accrual accounting basis. Notably, the cash flow statement does not include doubtful debt losses.

Cash in this statement refers to cash on hand, bank deposits and other forms of highly liquid investments that can readily be converted to cash.

## Directors' Declaration

This declaration contains the directors' sign-off that the Annual Report complies with Accounting Standards and provides a true and fair view of the performance and financial position of the Company.

## Audit Report

The independent audit report is the external independent opinion on the Financial Report.

This Concise Financial Report cannot be expected to provide as full an understanding of the Group's financial performance, financial position and financing and investing activities as the Group's 2002 Financial Report.

The Chief Financial Officer's Review on pages 23 to 25 provides a discussion and analysis of the concise financial statements.

**2002 Financial Report**

A copy of the Group's 2002 Financial Report, including the independent Auditors' Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone (Australia: 1800 11 33 99, Overseas: (613) 9615 5989) or by email to [investor.relations@anz.com](mailto:investor.relations@anz.com).

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The 2002 Concise Financial Report has been derived from the Group's 2002 Financial Report.

## Ten Year Summary<sup>1,2</sup>

	2002 \$m	2001 \$m	2000 \$m	1999 \$m	1998 \$m	1997 \$m	1996 \$m	1995 \$m	1994 \$m	1993 \$m
<b>Financial Performance</b>										
Net interest income	4,018	3,833	3,801	3,655	3,547	3,437	3,327	3,084	2,794	2,539
Other operating income	2,970	2,573	2,583	2,377	2,142	2,110	1,839	1,754	1,793	1,730
Operating expenses	(2,905)	(3,092)	(3,314)	(3,300)	(3,442)	(3,502)	(3,397)	(3,116)	(3,001)	(2,975)
Profit before tax, debt provision and prior period abnormals	4,083	3,314	3,070	2,732	2,247	2,045	1,769	1,722	1,586	1,294
Debt provision <sup>1</sup>	(860)	(531)	(502)	(510)	(487)	(400)	(175)	(237)	(388)	(637)
Income tax expense	(898)	(911)	(863)	(736)	(576)	(466)	(469)	(442)	(388)	(190)
Outside equity interests	(3)	(2)	(2)	(6)	(9)	(8)	(9)	(10)	(7)	(7)
Profit (loss) after tax before prior period abnormals	2,322	1,870	1,703	1,480	1,175	1,171	1,116	1,033	803	460
Net prior period abnormal profit (loss)	–	–	44	–	(69)	(147)	–	19	19	(213)
<b>Profit (loss) after tax</b>	<b>2,322</b>	<b>1,870</b>	<b>1,747</b>	<b>1,480</b>	<b>1,106</b>	<b>1,024</b>	<b>1,116</b>	<b>1,052</b>	<b>822</b>	<b>247</b>

## Financial Position

Assets <sup>2</sup>	183,105	185,493	172,467	152,801	153,215	138,241	127,604	112,587	103,874	103,045
Net Assets	11,465	10,551	9,807	9,429	8,391	6,993	6,336	5,747	5,504	5,133
Tier 1 capital ratio	7.9%	7.5%	7.4%	7.9%	7.2%	6.6%	6.7%	6.6%	6.8%	5.9%
Return on average ordinary equity <sup>3,4</sup>	21.6%	20.2%	19.3%	17.6%	15.9%	17.2%	18.3%	17.9%	15.6%	5.0%
Return on average assets <sup>3</sup>	1.3%	1.1%	1.1%	1.0%	0.7%	0.7%	0.9%	0.9%	0.8%	0.2%
Cost income ratio <sup>5</sup>	46.0%	48.3%	51.7%	54.5%	60.9%	63.1%	65.8%	64.4%	65.4%	69.7%

## Shareholder value – ordinary shares

### Total return to shareholders

(share price movement plus dividends)	15.3%	25.5%	35.3%	19.6%	-15.6%	62.4%	33.9%	52.4%	2.0%	47.2%
Market capitalisation	26,544	23,783	20,002	16,045	13,885	17,017	10,687	8,199	5,293	5,285
Dividend	85c	73c	64c	56c	52c	48c	42c	33c	25c	20c
Franked portion										
– interim	100%	100%	100%	75%	60%	100%	50%	0%	0%	0%
– final	100%	100%	100%	80%	60%	100%	100%	33%	0%	0%
Closing share price										
– high	\$20.38	\$17.39	\$13.46	\$12.45	\$11.88	\$11.58	\$7.28	\$5.75	\$5.68	\$4.40
– low	\$16.33	\$13.44	\$9.60	\$8.58	\$8.45	\$7.10	\$5.41	\$3.55	\$3.78	\$2.53
– 30 Sep	\$17.65	\$15.98	\$13.28	\$10.25	\$9.02	\$11.28	\$7.23	\$5.67	\$3.91	\$4.04

## Share information

### (per fully paid ordinary share)

Earnings per share – basic	147.3c	117.4c	106.8c	90.6c	72.6c	68.6c	76.3c	69.9c	55.9c	13.5c
Dividend payout ratio	57.8%	62.0%	59.1%	62.1%	67.8%	61.6%	55.5%	49.1%	46.4%	65.6%
Net tangible assets	\$6.58	\$5.96	\$5.49	\$5.21	\$4.98	\$4.59	\$4.24	\$3.94	\$3.58	\$3.43
No. of fully paid ordinary shares issued (millions)	1,503.9	1,488.3	1,506.2	1,565.4	1,539.4	1,508.6	1,478.1	1,446.0	1,353.6	1,308.2
DRP issue price										
– interim	\$19.24	\$15.05	\$11.62	\$10.95	\$10.64	\$9.77	\$5.59	\$4.40	\$3.78	\$3.42
– final	–	\$18.33	\$14.45	\$11.50	\$10.78	\$9.92	\$7.60	\$6.27	\$3.73	\$4.44

## Other information

Points of representation	1,018	1,056	1,087	1,147	1,205	1,473	1,744	1,881	2,026	2,136
No. of employees (full time equivalents) <sup>6</sup>	22,482	22,501	23,134	30,171	32,072	36,830	39,721	39,240	39,642	40,277
No. of shareholders <sup>7</sup>	199,556	181,035	179,244	214,151	151,564	132,450	121,847	114,829	121,070	115,000

1 From 1997, the annual debt provision charge has been calculated based on economic loss provisioning; prior year data has not been restated for this change in measurement approach

2 Data for 1998, 1999, 2000 and 2001 includes the consolidation of assets in the statutory funds of ANZ Life as required by an accounting standard applicable from 1 October 1999

3 After abnormals and significant transactions

4 From 2001, the return on average ordinary equity calculation accrues the dividend over the year; prior year data from 1997 has been restated for this change in calculation

5 Before goodwill amortisation, abnormals and significant transactions

6 Prior to 1997 excludes temporary staff

7 For 2000, 2001 and 2002 the number of shareholders does not include the number of employees whose shares are held by ANZEST Pty Ltd as the trustee for shares issued under the terms of any ANZ employee incentive plan.

## Directors' Report

The directors present their report together with the concise financial report of the consolidated entity (the Group), being Australia and New Zealand Banking Group Limited (the Company) and its controlled entities, for the year ended 30 September 2002 and the auditors' report thereon. The information is provided in conformity with the Corporations Act 2001.

### Principal Activities

The principal activities of the Group during the year were general banking, mortgage lending, life insurance, leasing, hire purchase and general finance, international and investment banking, investment and portfolio management and advisory services, nominee and custodian services and executor and trustee services.

There has been no significant change in the nature of the principal activities of the Group during the financial year.

At 30 September 2002, the Group had 1,018 points of representation.

### Result

Consolidated net profit after income tax attributable to shareholders of the Company was \$2,322 million. Further details are contained in the Chief Executive Officer's Report and the Chief Financial Officer's Review on pages 7 and 23 respectively of this Annual Report.

### Dividends

The directors propose that a final fully franked dividend of 46 cents per fully paid ordinary share be declared on 7 November 2002 and be paid on 13 December 2002. The proposed payment amounts to \$692 million.

During the financial year, the following fully franked dividends were paid on fully paid ordinary shares:

TYPE	CENTS PER SHARE	AMOUNT BEFORE BONUS OPTIONS \$M	DATE OF PAYMENT
Final	40	595	14 December 2001
Interim	39	583	1 July 2002

The final dividend for the year ended 30 September 2001 was paid on 14 December 2001 and is detailed in the Directors' Report dated 5 November 2001.

### Review of Operations

A review of the operations of the Group during the financial year and the results of those operations are contained in the Chairman's Report, the Chief Executive Officer's Report and the Chief Financial Officer's Review on pages 6, 7 and 23 respectively of this Annual Report.

## State of Affairs

In the directors' opinion, there have been no significant changes in the state of affairs of the Group during the financial year, other than:

- > Net loans and advances increased by 7% from \$123,657 million to \$132,060 million, primarily from growth in mortgage lending and commercial lending in Australia and New Zealand.
- > Deposits and other borrowings increased by 8% from \$104,874 million to \$113,297 million.
- > The charge for doubtful debts has been determined using economic loss provisioning and is based on the Group's risk management models.

The economic loss provision charge increased from \$531 million to \$860 million reflecting a down grade in the overall risk profile due to the slowing world economy, and a special provision for doubtful debts of \$250 million. Our economic loss provisioning models recognise that the general provision balance must be regularly reviewed, and in rare situations, increased to cover unusual events. The balance has been restored to an appropriate level.

- > Net specific provisions were \$728 million, up from \$520 million.
- > Gross non-accrual loans decreased to \$1,203 million, or 0.9% of net loans and advances.
- > The Group settled its long standing litigation with National Housing Bank in India (NHB). This resulted in the recovery of \$248 million (\$159 million after tax) from the net amount of \$575 million, which had been provided when the Group sold Grindlays to Standard Chartered Bank.
- > Certain life and general insurance and funds management businesses were sold to a joint venture with ING Group, and a 49% interest in the joint venture was acquired. A profit after tax of \$170 million arose on sale of the businesses.

While the above matters are those considered to be significant changes, reviews of matters affecting the Group's state of affairs are also contained in the Chairman's Report, the Chief Executive Officer's Report and the Chief Financial Officer's Review.

### Events since the End of the Financial Year

No matter or circumstance has arisen between 30 September 2002 and the date of this report that has significantly affected or may significantly affect the operations of the Group in future financial years, the results of those operations or the state of affairs of the Group in future years.

## Future Developments

Details of likely developments in the operations of the Group in future financial years are contained in the Chairman's Report and the Chief Executive Officer's Report. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

### Environmental Regulation

The operations of the Group are not subject to any particular and significant environmental regulation under the law of the Commonwealth or of a State or Territory.

### Rounding of Amounts

The Company is a company of the kind referred to in Australian Securities and Investments Commission class order 98/100 dated 10 July 1998 pursuant to section 341(1) of the Corporations Act 2001. As a result, amounts in this report and the accompanying financial statements have been rounded to the nearest million dollars except where otherwise indicated.

### Shareholdings

The directors' shareholdings, both beneficial and non-beneficial, as at the date of this report in the shares of the Company are detailed in the Corporate Governance Statement on page 42 of this Annual Report.

### Share Options

Details of share options issued over un-issued shares granted to directors, senior executives and officers, and on issue as at the date of this report are shown under Directors' and Executive Officers' Emoluments in this report, and in note 51 of the Financial Report.

No person entitled to exercise any option has or had, by virtue of an option, a right to participate in any share issue of any other body corporate.

The names of all persons who currently hold options are entered in the register kept by the Company pursuant to section 170 of the Corporations Act 2001. This register may be inspected free of charge.

### Directors' Qualifications and Experience

The Board comprises seven non-executive directors who have a diversity of business and community experience and one executive director who has extensive banking experience. The names, qualifications and experience of the directors who are in office at the date of this report are contained on pages 46 and 47 of the 2002 Annual Report and those pages are incorporated in and form part of this report.

Special responsibilities and attendance at meetings by directors, are shown in the Corporate Governance Statement on page 42 of this Annual Report.

## Directors' and Executive Officers' Emoluments

The Human Resources ("HR") Committee assisted the Board in its oversight of major policies and guidelines relating to the management of the Group's human resources. Its responsibilities included the review of proposed remuneration and profit sharing programs, and recommended these programs to the Board for approval and monitored their ongoing operation. The HR Committee also reviewed and approved all remuneration entitlements for senior executives, including for the Chief Executive Officer ("CEO").

As a result of the Board review conducted in February 2002, the HR Committee was dissolved and replaced by the Compensation Committee of the Board.

The Compensation Committee, chaired by Dr Brian Scott and comprising all non-executive Directors, is responsible for (amongst other things):

- › **ANZ's general compensation program** - in consultation with senior management, to review and recommend to the Board ANZ's general approach to compensation, and oversee the development and implementation of compensation programs;
- › **Senior executive compensation program** - to review and recommend to the Board for approval compensation programs applicable to ANZ's senior executives;
- › **CEO compensation** - to review and recommend to the Board for approval corporate goals and objectives relevant to the compensation of the CEO, evaluate the performance of the CEO in light of those goals and objectives, and recommend to the Board the CEO's compensation level based on this evaluation and other relevant factors;
- › **Executive compensation governance** - to review and approve any statement on ANZ's remuneration policy and executive compensation disclosures that may be required by any listing rule, legislation, regulatory body, or other regulatory or legislative requirement, or any statement proposed for inclusion in ANZ's annual report.
- › **Advising on directors fees** - to review the compensation of non-executive directors annually. The CEO does not participate in discussion or decisions relating to his own remuneration.

The Compensation Committee recommends to the Board fees for the Chairman or other non-executive directors, after receiving independent external advice. Non-executive directors fees are within the limit agreed to by shareholders at the Annual General Meeting held on 21 January 1998, and are set at levels that fairly represent the responsibilities of, and the time spent by, the non-executive directors on Group matters. Regard is also given to the levels of fees paid to non-executive directors in comparable companies.

### ANZ's Compensation Policy

ANZ's compensation framework has been designed to support a policy of rewarding Senior Executives for the delivery of specific performance targets and the execution of appropriate business and growth strategies. This framework aims to differentiate compensation on the basis of achievement against both individual and business unit performance aligned to sustained growth in shareholder value.

ANZ's Senior Executive compensation policy is structured to provide a fixed salary component, a short-term incentive (STI) and a long-term incentive (LTI). The STI and LTI are variable or 'at risk' components of a Senior Executive's compensation. The compensation framework is administered by ANZ's Board of Directors.

The compensation policy is managed around the following guiding principles:

- › to focus on creating and enhancing value for ANZ's shareholders;
- › to differentiate individual compensation commensurate with contribution to overall results and according to individual responsibility;
- › to provide a greater emphasis on 'at risk' components of total compensation; and
- › to provide a compensation proposition to successfully motivate, attract and retain the high quality workforce required to deliver on ANZ's business and growth strategies.

The fixed compensation component comprises salary and superannuation contributions. The variable or 'at risk' component of compensation comprises a semi-annual STI consisting of cash and deferred shares, and a semi-annual LTI consisting of performance-hurdled deferred shares and performance-hurdled options.

ANZ's compensation policy limits increases in fixed remuneration (salary and superannuation) and emphasises 'at risk' compensation as a method of ensuring payment is contingent upon and commensurate with the delivery of measurable performance and the successful execution of other key strategic business objectives.

The STI is administered under the ANZ Executive Remuneration Scheme. The STI is determined based firstly, on individual Senior Executive performance against financial and non-financial measures and, secondly, on overall business unit performance results. The composition of the incentive includes both cash and deferred shares, with better relative performance receiving a greater portion of the incentive 'pool'.

The LTI is administered under the ANZ Group Share Option Plan. The LTI is determined based on individual performance and the potential to deliver on ANZ's long-term growth and business strategies. The composition of LTI consists of individual performance-hurdled deferred shares and/or performance options. The individual performance hurdle is aligned to ensure senior executives clearly demonstrate sustained performance on both long-term financial and non-financial measures in the interests of shareholders and employees.

Both deferred shares and options are used as a mechanism to link a significant portion of senior executives' remuneration to the attainment of sustained growth in shareholder value.

Recently, ANZ introduced a new form of "indexed-linked" option for executives. The new option has a dynamic exercise price, i.e. the exercise price will be adjusted in line with the movement in the S&P/ASX 200 Banks (Industry Group) Accumulation Index (excluding ANZ). This has replaced the "traditional" option where executives could benefit from a general rise in the market. As an additional constraint, the option can only be exercised if the adjusted exercise price is equal to or below the original issue price. This new form of option will ensure that executives will only be rewarded for the true outperformance of ANZ's share price over and above the movement in the above Index.

The provision of shares and options is in line with market practice in Australia.

## Director and Executive Emoluments

Details of emoluments paid or payable to non-executive directors are contained in the Corporate Governance Statement of this Annual Report on page 45. Details of the emoluments of the executive director and of the five executives of the Group or Company receiving the highest emolument for the year ended 30 September 2002, are set out below.

### Executive Emoluments

#### Cash and benefits

Amounts in \$	Annual Compensation and Short Term Incentive					Total
	Salary or fees	Benefits <sup>1</sup>	Performance Related Cash component	Bonus Deferred shares <sup>2</sup>	Superannuation contributions	
<b>J McFarlane (Managing Director)</b>	<b>1,419,462</b>	–	–	<b>1,398,520</b>	<b>80,538</b>	<b>2,898,520</b>
<b>D L Boyles</b>	<b>654,189</b>	<b>8,227</b>	<b>220,355</b>	<b>318,645</b>	<b>37,584</b>	<b>1,239,000</b>
<b>G Branston<sup>3</sup></b>	<b>469,760</b>	<b>25,973</b>	<b>458,891</b>	<b>639,021</b>	–	<b>1,593,645</b>
<b>E Funke Kupper</b>	<b>658,446</b>	<b>3,970</b>	<b>261,865</b>	<b>369,135</b>	<b>37,584</b>	<b>1,331,000</b>
<b>P J O Hawkins</b>	<b>705,761</b>	<b>3,970</b>	<b>213,198</b>	<b>295,802</b>	<b>40,269</b>	<b>1,259,000</b>
<b>P R Marriott</b>	<b>658,446</b>	<b>3,970</b>	<b>256,671</b>	<b>359,329</b>	<b>37,584</b>	<b>1,316,000</b>

1 Benefits include the provision of housing, cars and parking, private health insurance, subsidised loans and certain other expenses

2 Deferred Shares are held in trust for up to 10 years and are restricted for one and three years. Subject to the Board determining otherwise the shares are forfeited if the recipient leaves the Group within the restricted period for reasons other than retirement, retrenchment, death or disablement. These shares are issued at the 5 day weighted average price up to and including the date of issue.

3 Conversion rate of GBP @ 0.3621

### Long term incentive

Value \$	Options granted <sup>4,5</sup>							
	Number Issued	Type I <sup>6,7</sup>	Date	Exercise Price \$	Number Issued	Type II <sup>8</sup>	Date	Strike Price \$
J McFarlane (Managing Director)								
Initial contract approved 1999 AGM <sup>9</sup>	500,000		31.12.2001	17.20				
New contract approved 2001 AGM <sup>10</sup>	500,000		31.12.2001	17.52				
D L Boyles	70,000		24.04.2002	18.75	140,000		24.10.2002	18.06
G Branston	113,100		24.04.2002	18.75	28,600		24.10.2002	18.06
E Funke Kupper	57,000		24.04.2002	18.75	131,000		24.10.2002	18.06
P J O Hawkins	54,000		24.04.2002	18.75	87,000		24.10.2002	18.06
P R Marriott	70,000		24.04.2002	18.75	153,000		24.10.2002	18.06

4 All options expire seven years from the date of grant except for J McFarlane's which expire four years and six years respectively from the date of grant. These options are exercisable between three and seven years of the date of grant if certain performance conditions are met. Each option entitles the holder to purchase one ordinary fully paid share in the company. Estimated values calculated using a modified Black Scholes model, per option, at the dates of issue, were: \$2.68 (31 December 2001), \$2.95 (24 April 2002), \$1.10 (24 October 2002, index linked).

5 Subject to the Board determining otherwise the options are forfeited if the recipient leaves the Group prior to them becoming exercisable for reasons other than retirement, retrenchment, death or disablement. The number of options issued under long term incentive arrangements is predicated on a market competitive assessment of long term compensation benchmarks. In the event of retirement, retrenchment, death or disablement the release of options will be pro-rated for those issued on or after 24 April 2002.

6 All Type I options issued except for the first series issued to J McFarlane may be exercised only if the ANZ Accumulation Index over the period from the date of grant to the last trading day of any month occurring during the relevant measurement period equals or exceeds (for 50% of the options issued) the S&P/ASX 100 Accumulation Index and (for the remaining 50% of the options issued) the S&P/ASX 200 Banks (Industry Group) Accumulation Index, both calculated over the same period.

7 J McFarlane's first series of options may be exercised only if the ANZ Accumulation Index over the period from the date on which the options are granted to the last trading day of any month occurring during the relevant exercise period equals or exceeds the S&P/ASX 100 Accumulation Index calculated over the same period.

8 Type II options have a dynamic exercise price. The final exercise price will be the initial strike price indexed by the change in the S&P/ASX 200 Banks (Industry Group) Accumulation Index excluding ANZ. These options cannot be exercised if the exercise price falls below the original issue price.

9 Exercisable from 31 December 2004, subject to the performance conditions being met.

10 Exercisable from 31 December 2003, subject to the performance conditions being met.

#### Deferred Shares<sup>11</sup>

	Number	Value \$
J McFarlane (Managing Director)	–	–
D L Boyles	14,000	256,635
G Branston	2,700	49,452
E Funke Kupper	12,500	228,855
P J O Hawkins	9,500	174,468
P R Marriott	14,800	271,083

11 Deferred shares are held in trust for up to 10 years and are restricted for three years. Subject to the Board determining otherwise the shares are forfeited if the recipient leaves the Group within the restricted period for reasons other than retirement, retrenchment, death or disablement. The number of shares issued under long term incentive arrangements is predicated on a market competitive assessment of long term compensation benchmarks. These shares have an additional restriction, ie. the entitlement will only vest in the event of individual performance conditions being met. In the event of retirement, retrenchment, death or disablement the release of long term incentive shares will be pro-rated.

## Directors' and Officers' Indemnity

The Company's Constitution (Rule 11.1) permits the Company to indemnify each officer or employee of the Company against liabilities (so far as may be permitted under the Corporations Act 2001) incurred in the execution and discharge of the officer's or employee's duties.

It is the Company's policy that its employees should not incur any liability for acting in the course of their employment legally, within the policies of the Company and provided they act in good faith.

Under the policy, the Company will indemnify employees against any liability they incur in carrying out their role. The indemnity protects employees and former employees who incur a liability when acting as an employee, trustee or officer of the Company, or a subsidiary of the Company at the request of the Company.

The indemnity is subject to the Corporations Act 2001 and will not apply in respect of any liability arising from:

- > a claim by the Company;
- > a claim by a related body corporate;
- > a lack of good faith;
- > illegal or dishonest conduct; or
- > non compliance with the Company's policies or discretions.

The Company has entered into Deeds of Access, Insurance and Indemnity with each of its directors and secretaries and with certain employees and certain other individuals who act as directors of related body corporates or of another company. To the extent permitted by law, the Company indemnifies the individual for all liabilities, including costs, damages and expenses incurred in their capacity as an officer of the company to which they have been appointed.

The Company has indemnified the trustees and former trustees of certain of the Company's superannuation funds and directors, former directors, officers and former officers of trustees of various Company sponsored superannuation schemes in Australia. Under the relevant Deeds of Indemnity, the Company must indemnify each indemnified person if the assets of the relevant fund are insufficient to cover any loss, damage, liability or cost incurred by the indemnified person in connection with the fund, being loss, damage, liability or costs for which the indemnified person would have been entitled to be indemnified out of the assets of the fund in accordance with the trust deed and the Superannuation Industry (Supervision) Act 1993. This indemnity survives the termination of the fund. Some of the indemnified persons are or were directors or executive officers of the Company.

The Company has also indemnified certain employees of the Company, being trustees and administrators of a trust which is a subsidiary entity, from and against any loss, damage, liability, tax, penalty, expense or claim of any kind or nature arising out of or in connection with the creation, operation or dissolution of the trust, where they are acting in good faith and in a manner that they reasonably believed to be within the scope of the authority conferred by the trust.

Except for the above, no person has been indemnified nor has the Company or a related body corporate of the Company made an agreement to indemnify any person who is or has been an officer or auditor of the Company or of a related body corporate.

During the financial year, and again since the end of the financial year, the Company has paid a premium for an insurance policy for the benefit of the directors, secretaries, and executive officers of the Company, and directors, secretaries and executive officers of related bodies corporate of the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

Signed in accordance with a resolution of the directors.



**John Dahlsen**  
Director



**John McFarlane**  
Chief Executive Officer

4 November 2002

**Australia and New Zealand Banking Group Limited and Controlled Entities**  
**Consolidated Statement of Financial Performance**  
**for the year ended 30 September 2002**

	2002 \$m	Consolidated 2001 \$m	2000 \$m
<b>Total income</b>	<b>12,007</b>	<b>12,824</b>	<b>14,031</b>
Interest income	9,037	10,251	10,241
Interest expense	(5,019)	(6,418)	(6,440)
Net interest income	4,018	3,833	3,801
Proceeds, net of costs, on disposal of investments	566		
Carrying amount of assets given up	(392)		
Net profit on disposal of investments	174		
Other operating income	2,796	2,573	2,583
Prior period abnormal income	-	-	1,207
Operating income	6,988	6,406	7,591
Operating expenses	(2,905)	(3,092)	(3,314)
Prior period abnormal expenses	-	-	(986)
Profit before debt provision	4,083	3,314	3,291
Provision for doubtful debts	(860)	(531)	(502)
<b>Profit before income tax</b>	<b>3,223</b>	<b>2,783</b>	<b>2,789</b>
Income tax expense	(898)	(911)	(863)
Prior period abnormal tax	-	-	(177)
Total income tax expense	(898)	(911)	(1,040)
Profit after income tax	2,325	1,872	1,749
Net profit attributable to outside equity interests	(3)	(2)	(2)
<b>Net profit attributable to shareholders of the Company</b>	<b>2,322</b>	<b>1,870</b>	<b>1,747</b>
Currency translation adjustments, net of hedges after tax	(98)	197	170
Revaluation of properties	-	-	31
Total adjustments attributable to shareholders of the Company recognised directly in equity	(98)	197	201
Total changes in equity other than those resulting from transactions with shareholders as owners	2,224	2,067	1,948
<b>Earnings per ordinary share (cents)</b>			
Basic	147.3	117.4	106.8
Diluted	146.6	117.0	106.0
<b>Dividend per ordinary share (cents)</b>	85	73	64
<b>Net tangible assets per ordinary share (\$)</b>	6.58	5.96	5.49

The notes appearing on pages 58 to 60 and the discussion and analysis appearing on pages 23 to 25 form an integral part of these financial statements.

**Australia and New Zealand Banking Group Limited and Controlled Entities**  
**Consolidated Statement of Financial Position**  
**as at 30 September 2002**

	Note	2002 \$m	Consolidated 2001 \$m
<b>Assets</b>			
Liquid assets		7,410	7,794
Due from other financial institutions		3,815	4,829
Trading securities		5,873	4,827
Investment securities		3,609	3,487
Net loans and advances		132,060	123,657
Customers' liabilities for acceptances		13,796	14,324
Life insurance investment assets		–	4,774
Regulatory deposits		178	133
Shares in associates and joint venture entities		1,692	64
Deferred tax assets		1,218	1,200
Goodwill		180	137
Other assets		11,810	18,906
Premises and equipment		1,464	1,361
<b>Total assets</b>		<b>183,105</b>	<b>185,493</b>
<b>Liabilities</b>			
Due to other financial institutions		10,860	12,690
Deposits and other borrowings		113,297	104,874
Liability for acceptances		13,796	14,324
Income tax liabilities		1,340	1,335
Payables and other liabilities		12,450	15,948
Provisions		1,744	2,142
Life insurance policy liabilities		–	4,458
Bonds and notes		14,708	15,340
Loan capital		3,445	3,831
<b>Total liabilities</b>		<b>171,640</b>	<b>174,942</b>
<b>Net assets</b>		<b>11,465</b>	<b>10,551</b>
<b>Shareholders' equity</b>			
Ordinary share capital		3,939	3,733
Preference share capital		1,375	1,526
Reserves		534	717
Retained profits		5,600	4,562
Share capital and reserves attributable to shareholders of the Company		11,448	10,538
Outside equity interests		17	13
<b>Total shareholders' equity</b>		<b>11,465</b>	<b>10,551</b>
Contingent liabilities	5		

The notes appearing on pages 58 to 60 and the discussion and analysis appearing on pages 23 to 25 form an integral part of these financial statements.

**Australia and New Zealand Banking Group Limited and Controlled Entities**  
**Consolidated Statement of Cash Flows**  
**for the year ended 30 September 2002**

	2002 \$m	Consolidated 2001 \$m	2000 \$m
	Inflows (Outflows)		
<b>Cash flows from operating activities</b>			
Interest received	10,148	11,054	9,916
Dividends received	3	75	192
Fees and other income received	2,919	2,783	2,460
Interest paid	(5,367)	(6,703)	(6,108)
Personnel expenses paid	(1,900)	(1,827)	(1,735)
Premises expenses paid	(268)	(253)	(283)
Other operating expenses paid	(1,893)	(1,775)	(1,199)
Income taxes paid	(853)	(823)	(754)
Goods and services tax received (paid)	(28)	(53)	4
Net (increase) decrease in trading securities	(1,030)	(629)	(25)
<b>Net cash provided by operating activities</b>	<b>1,731</b>	<b>1,849</b>	<b>2,468</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase)			
Liquid assets - greater than three months	(442)	983	(1,755)
Due from other financial institutions	554	909	(792)
Regulatory deposits	37	(27)	(90)
Loans and advances	(9,441)	(4,829)	(17,633)
Shares in controlled entities and associates	(1)	(36)	(50)
Investment securities			
Purchases	(2,851)	(4,005)	(8,109)
Proceeds from sale or maturity	2,436	3,630	8,553
Controlled entities, associates and joint venture entities			
Purchased (net of cash acquired)	(1,050)	(36)	(43)
Proceeds from sale (net of cash disposed)	-	-	1,510
Premises and equipment			
Purchases	(385)	(452)	(275)
Proceeds from sale	101	127	249
Recovery from NHB litigation	248	-	-
Other	201	(454)	(1,405)
<b>Net cash (used in) investing activities</b>	<b>(10,593)</b>	<b>(4,190)</b>	<b>(19,840)</b>
<b>Cash flows from financing activities</b>			
Net (decrease) increase			
Due to other financial institutions	(1,211)	(826)	3,111
Deposits and other borrowings	9,152	890	12,763
Payables and other liabilities	362	581	(843)
Bonds and notes			
Issue proceeds	4,538	7,542	5,555
Redemptions	(3,519)	(2,878)	(1,341)
Loan capital			
Issue proceeds	759	-	152
Redemptions	(589)	(244)	(147)
Decrease in outside equity interests	1	(1)	(19)
Dividends paid	(1,178)	(1,028)	(749)
Share capital issues	112	114	36
Share buyback	-	(495)	(1,014)
<b>Net cash provided by financing activities</b>	<b>8,427</b>	<b>3,655</b>	<b>17,504</b>
Net cash provided by operating activities	1,731	1,849	2,468
Net cash (used in) investing activities	(10,593)	(4,190)	(19,840)
Net cash provided by financing activities	8,427	3,655	17,504
Net increase (decrease) in cash and cash equivalents	(435)	1,314	132
Cash and cash equivalents at beginning of year	9,071	6,462	6,634
Foreign currency translation on opening balances	(711)	1,295	(304)
<b>Cash and cash equivalents at end of year</b>	<b>7,925</b>	<b>9,071</b>	<b>6,462</b>

The notes appearing on pages 58 to 60 and the discussion and analysis appearing on pages 23 to 25 form an integral part of these financial statements.

## Notes to the Concise Financial Statements

### 1: Basis of preparation of concise financial report

This concise financial report has been derived from the Group's 2002 Financial Report which complies with the Corporations Act 2001, Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. A full description of the accounting policies adopted by the Group is provided in the 2002 Financial Report. The accounting policies are consistent with those of the previous financial year.

### 2: Critical accounting policies

The Group has identified the following critical accounting policies:

- › Economic loss provisioning;
- › Specific provisioning;
- › Deferred acquisition costs, software assets and deferred income;
- › Derivatives and hedging; and
- › Special purpose and off-balance sheet vehicles.

The ANZ results announcement released on 24 October 2002 contains details of the critical accounting policies. The results announcement can be obtained from [www.anz.com](http://www.anz.com).

### 3: Significant events this financial year

On 19 January 2002, former ANZ subsidiary Grindlays Bank Limited completed the settlement of its long running dispute with India's National Housing Bank (NHB). The dispute originated in 1992. Since January 2001 the amount in dispute had been deposited with the Supreme Court of India. Of this amount (including interest) of Rupees 16.45 billion (AUD 661 million at 19 January 2002 rates), Grindlays recovered under the terms of the settlement Indian Rupees 6.20 billion (AUD 248 million), with NHB receiving the balance. ANZ in turn received a payment of USD 124 million from Standard Chartered Bank (SCB) under the terms of an indemnity between ANZ and SCB.

Following an assessment of the general provision balance, a special provision for doubtful debts of \$250 million was charged during the year. Our economic loss provisioning models recognise that the general provision balance must be regularly reviewed, and in rare situations, increased to cover unusual events. The balance has been restored to an appropriate level.

On 10 April 2002, ANZ and ING Group announced the formation of a joint venture which combines the funds management and life insurance business of ANZ and ING Group in Australia and New Zealand. The joint venture commenced on 1 May 2002 under the name of ING Australia Limited. ING Australia is owned 49% by ANZ and 51% by ING Group. ANZ contributed businesses and capital valued at \$1,839 million, recognising a profit after tax on disposal of \$170 million.

### 4: Dividends

#### Ordinary Dividends

	2002	2001	2000
	\$m	\$m	\$m
Interim dividend	583	491	445
Final dividend	692	595	528
Bonus option plan adjustment	(23)	(24)	(32)
<b>Dividends on ordinary shares</b>	<b>1,252</b>	<b>1,062</b>	<b>941</b>

A fully franked final dividend of 46 cents, is proposed to be paid on each fully paid ordinary share on 13 December 2002 (2001: final dividend of 40 cents, paid 14 December 2001, fully franked; 2000: final dividend of 35 cents, paid 15 December 2000, fully franked). The 2002 interim dividend of 39 cents, paid 1 July 2002, was fully franked (2001: interim dividend of 33 cents, paid 2 July 2001, fully franked; 2000: interim dividend of 29 cents, paid 3 July 2000, fully franked).

The tax rate applicable to the franking credits attached to the interim dividend and to be attached to the proposed final dividend is 30% (2001: 30%, 2000: 34%).

#### Preference Dividends

	2002	2001	2000
	\$m	\$m	\$m
<b>Dividends on preference shares</b>	<b>117</b>	<b>119</b>	<b>102</b>

In 1998 the Company issued 124,032,000 preference shares, raising USD 775 million via Trust Securities issues. The Trust Securities carry an entitlement to a distribution of 8% (on USD 400 million) and 8.08% (on USD 375 million). The amounts are payable quarterly in arrears. Payment dates are the fifteenth days of January, April, July and October in each year.

#### Dividend Franking Account

The amount of franking credits available in the Company for the subsequent financial year is nil (2001 and 2000: nil), after adjusting for franking credits that will arise from the payment of tax on Australian profits for the 2002 financial year less franking credits which will be utilised in franking the proposed final dividend and franking credits that may not be accessible by the Company at present.

## 5: Contingent Liabilities

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified.

ANZ in Australia is being audited by the Australian Taxation Office (ATO) as part of normal ATO procedures. The Group has received various assessments that are being disputed and is likely to receive further assessments.

Based on external advice, ANZ has assessed the likely progress of these issues, and believes it holds appropriate provisions.

Further details regarding Group contingent liabilities are contained in the 2002 Financial Report.

## 6: Segment Analysis

During the year ended 30 September 2002, the Group managed its activities along the following lines of business:

Personal Banking and Wealth Management, Corporate Businesses, Investment Banking, Consumer Finance, Mortgages, Asset Finance, Small to Medium Business and other. A description of each of the operating business segments, including the types of products and services the segments provide to customers, is detailed in the 2002 Financial Report.

### Business Segment Analysis<sup>1,2</sup>

Consolidated 30 September 2002	Personal Banking & Wealth Management \$m	Corporate Businesses \$m	Investment Banking \$m	Consumer Finance \$m	Mortgages \$m	Asset Finance \$m	Small to Medium Business \$m	Other \$m	Consolidated Total \$m
External interest income	555	1,421	989	598	3,671	967	423	413	9,037
External interest expense	(1,011)	(744)	(1,433)	(1)	(159)	(472)	(191)	(1,008)	(5,019)
Net intersegment interest	1,533	(12)	706	(208)	(2,830)	(159)	87	883	-
Net interest income	1,077	665	262	389	682	336	319	288	4,018
Other external operating income	821	720	538	388	89	69	80	265	2,970
Net intersegment income	306	(36)	(4)	(86)	(230)	(8)	(33)	91	-
<b>Operating income</b>	<b>2,204</b>	<b>1,349</b>	<b>796</b>	<b>691</b>	<b>541</b>	<b>397</b>	<b>366</b>	<b>644</b>	<b>6,988</b>
Other external expenses	(1,056)	(306)	(335)	(234)	(119)	(150)	(124)	(581)	(2,905)
Net intersegment expenses	(284)	(139)	(27)	(74)	(42)	(29)	-	595	-
<b>Operating expenses</b>	<b>(1,340)</b>	<b>(445)</b>	<b>(362)</b>	<b>(308)</b>	<b>(161)</b>	<b>(179)</b>	<b>(124)</b>	<b>14</b>	<b>(2,905)</b>
Profit before debt provision	864	904	434	383	380	218	242	658	4,083
Doubtful debt provision	(38)	(144)	(68)	(161)	(28)	(69)	(16)	(336)	(860)
Income tax and outside equity interests	(253)	(233)	(55)	(73)	(106)	(47)	(69)	(65)	(901)
<b>Profit after income tax</b>	<b>573</b>	<b>527</b>	<b>311</b>	<b>149</b>	<b>246</b>	<b>102</b>	<b>157</b>	<b>257</b>	<b>2,322</b>
<b>Total external assets</b>	<b>10,635</b>	<b>42,822</b>	<b>25,669</b>	<b>5,551</b>	<b>64,826</b>	<b>12,410</b>	<b>6,764</b>	<b>14,428</b>	<b>183,105</b>
<b>Total external liabilities</b>	<b>39,342</b>	<b>40,373</b>	<b>20,654</b>	<b>249</b>	<b>3,551</b>	<b>9,704</b>	<b>7,589</b>	<b>50,178</b>	<b>171,640</b>

1 Results are equity standardised

2 Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis

### Business Segment Analysis<sup>1,2</sup>

Consolidated 30 September 2001	Personal Banking & Wealth Management \$m	Corporate Businesses \$m	Investment Banking \$m	Consumer Finance \$m	Mortgages \$m	Asset Finance \$m	Small to Medium Business \$m	Other \$m	Consolidated Total \$m
External interest income	626	1,802	1,761	567	3,768	1,012	405	310	10,251
External interest expense	(1,162)	(865)	(2,043)	-	(154)	(552)	(185)	(1,457)	(6,418)
Net intersegment interest	1,632	(268)	491	(233)	(2,959)	(122)	83	1,376	-
Net interest income	1,096	669	209	334	655	338	303	229	3,833
Other external operating income	814	665	548	329	78	59	68	12	2,573
Net intersegment income	272	(38)	(8)	(70)	(203)	(9)	(38)	94	-
<b>Operating income</b>	<b>2,182</b>	<b>1,296</b>	<b>749</b>	<b>593</b>	<b>530</b>	<b>388</b>	<b>333</b>	<b>335</b>	<b>6,406</b>
Other external expenses	(1,038)	(303)	(331)	(205)	(108)	(158)	(113)	(836)	(3,092)
Net intersegment expenses	(292)	(147)	(23)	(61)	(42)	(30)	(8)	603	-
<b>Operating expenses</b>	<b>(1,330)</b>	<b>(450)</b>	<b>(354)</b>	<b>(266)</b>	<b>(150)</b>	<b>(188)</b>	<b>(121)</b>	<b>(233)</b>	<b>(3,092)</b>
Profit before debt provision	852	846	395	327	380	200	212	102	3,314
Doubtful debt provision	(38)	(149)	(64)	(171)	(24)	(65)	(17)	(3)	(531)
Income tax and outside equity interests	(288)	(231)	(43)	(57)	(120)	(43)	(65)	(66)	(913)
<b>Profit after income tax</b>	<b>526</b>	<b>466</b>	<b>288</b>	<b>99</b>	<b>236</b>	<b>92</b>	<b>130</b>	<b>33</b>	<b>1,870</b>
<b>Total external assets</b>	<b>13,597</b>	<b>44,245</b>	<b>29,851</b>	<b>4,881</b>	<b>55,901</b>	<b>12,013</b>	<b>6,013</b>	<b>18,992</b>	<b>185,493</b>
<b>Total external liabilities</b>	<b>39,998</b>	<b>37,133</b>	<b>26,112</b>	<b>313</b>	<b>3,014</b>	<b>9,566</b>	<b>6,873</b>	<b>51,933</b>	<b>174,942</b>

1 Results are equity standardised

2 Intersegment transfers are accounted for and determined on an arm's length or cost recovery basis

## 7: Capital Management

The Group's Tier 1 ratio increased to 7.9% (2001: 7.5%). The total capital adequacy ratio remains strong at 9.5% (2001: 10.3%), with a small reduction in the Tier 2 ratio.

In light of the joint venture with ING Group, we have refined our capital management policy to incorporate certain non-consolidated vehicles. Our principal focus going forward is Adjusted Common Equity, defined as Tier 1 capital, less preference shares and deductions from total capital, (including investment in funds management subsidiaries and the ING joint venture). Adjusted Common Equity decreased from 5.9% to 5.7% of risk weighted assets to be comfortably near the top of our target range of 5.25% to 5.75%, even after funding the joint venture from internal resources.

## 8. Equity Instruments Issued to Employees

Under existing Australian Accounting Standards, equity instruments issued to employees are not required to be expensed. The impact of expensing options<sup>1</sup>, and shares issued under the \$1,000 employee share plan, have been calculated and are disclosed below.

	Consolidated 2002 \$m
Net profit attributable to shareholders of the Company	2,322
Expenses attributable to:	
Options issued to Management Board <sup>1</sup>	(7)
Options issued to general management <sup>1</sup>	(19)
Shares issued under \$1,000 employee share plan	(18)
Revised net profit attributable to shareholders of the Company	2,278
Revised earnings per share basic (cents)	144.4

<sup>1</sup> Based on fair values estimated at grant date using a modified Black Scholes model. Value of options amortised over vesting period.

## 9: Events Since the End of the Financial Year

There have been no significant events since 30 September 2002 to the date of this report.

## Directors' Declaration

The directors of Australia and New Zealand Banking Group Limited declare that in their opinion the accompanying concise financial report of the Consolidated Group for the year ended 30 September 2002 complies with Accounting Standard AASB 1039 'Concise Financial Reports'.

In our report on the Group's 2002 Financial Report we declared that:

- (a) the financial statements and notes comply with the Corporations Act 2001, including:
  - (i) complying with applicable Australian Accounting Standards and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of the Company and of the consolidated Group and of their performance as represented by the results of their operations and their cash flows; and
- (b) in the directors' opinion at the date of this declaration there are reasonable grounds to believe that the Company and consolidated Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors



**John Dahlsen**  
Director  
4 November 2002



**John McFarlane**  
Chief Executive Officer

### Independent audit report on concise financial report to the members of Australia and New Zealand Banking Group Limited

#### Scope

We have audited the concise financial report of Australia and New Zealand Banking Group Limited and its controlled entities for the financial year ended 30 September 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes as set out on pages 55 to 60, and the accompanying discussion and analysis set out on pages 23 to 25 in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement.

We have also performed an independent audit of the full financial report of Australia and New Zealand Banking Group Limited and its controlled entities for the year ended 30 September 2002. Our audit report on the full financial report was signed on 4 November 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports' issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

#### Audit Opinion

In our opinion the concise financial report of Australia and New Zealand Banking Group Limited and its controlled entities for the year ended 30 September 2002 complies with AASB 1039 'Concise Financial Reports' issued in Australia.

**KPMG**  
Chartered Accountants  
Melbourne

4 November 2002

**Peter Nash**  
Partner

### Financial Highlights in Key Currencies

Millions	2002 AUD	2002 USD	2002 GBP	2002 NZD
<b>Financial Performance</b>				
Net income	6,988	3,719	2,530	8,386
Operating expenses	(2,905)	(1,546)	(1,052)	(3,486)
Profit before tax and debt provision	4,083	2,173	1,478	4,900
Provision for doubtful debts	(860)	(458)	(311)	(1,032)
Profit before tax	3,223	1,715	1,167	3,868
Income tax expense	(898)	(478)	(325)	(1,078)
Outside equity interests	(3)	(2)	(1)	(4)
Profit after tax	2,322	1,235	841	2,786
<b>Financial Position</b>				
Assets	183,105	99,627	63,666	212,127
Liabilities	171,640	93,389	59,679	198,845
Shareholders' equity <sup>2</sup>	11,465	6,238	3,987	13,282
<b>Ratios – per ordinary share</b>				
Earnings per share – basic	147.3	78.4	53.3	176.8
Dividends per share – declared rate	85	45	31	102
Net tangible assets per share	6.58	3.50	2.38	7.90

<sup>1</sup> USD, GBP and NZD amounts – items relating to financial performance converted at average rates for financial year 30 September 2002 and items relating to financial position at closing rates at 30 September 2002

<sup>2</sup> Includes outside equity interests

### Exchange Rates

The exchange rates used in the translation of the results and the assets and liabilities of major overseas branches and controlled entities are:

	2002		2001		2000	
	Closing	Average	Closing	Average	Closing	Average
Great British pound	0.3477	0.3621	0.3331	0.3627	0.3720	0.3903
United States dollar	0.5441	0.5323	0.4903	0.5230	0.5444	0.6101
New Zealand dollar	1.1585	1.2001	1.2127	1.2473	1.3324	1.2647

## Shareholder information

### Ordinary shares

At 7 October 2002 the twenty largest holders of ordinary shares held 905,163,558 ordinary shares, equal to 60.19 per cent of the total issued ordinary capital.

Name	Number of shares	%	Name	Number of Shares	%
Chase Manhattan Nominees Ltd	215,389,449	14.32	HKBA Nominees Ltd	11,962,916	0.80
National Nominees Ltd	195,600,949	13.01	Mercantile Mutual Life Insurance Company Ltd	11,147,276	0.74
Westpac Custodian Nominees Ltd	142,493,966	9.47	NRMA Nominees Pty Ltd	8,887,753	0.59
Citicorp Nominees Pty Ltd	85,783,111	5.70	ANZEST Pty Ltd	7,491,859	0.50
RBC Global Services Australia Nominees Pty Ltd	39,023,804	2.59	PSS Board	7,462,405	0.50
Commonwealth Custodial Services Ltd	36,087,910	2.4	The National Mutual Life Association of Australasia Ltd	6,578,833	0.44
ANZ Nominees Ltd	35,355,516	2.35	Government Superannuation Office	5,979,339	0.40
AMP Life Ltd	25,810,122	1.72	Australia Foundation Investment Company Ltd	4,677,049	0.31
MLC Ltd	23,335,932	1.55	Victorian Workcover Authority	4,165,087	0.28
Queensland Investment Corporation	20,285,482	1.35			
Cogent Nominees Pty Ltd	17,644,800	1.17			
				905,163,558	

### Distribution of shareholdings

At 7 October 2002

Range	Number of holders	% of holders	Number of shares	% of shares
1 to 1,000 shares	108,221	54.2	49,761,533	3.3
1,001 to 5,000 shares	71,697	36.0	161,958,794	10.8
5,001 to 10,000 shares	11,831	5.9	84,093,962	5.6
10,001 to 100,000 shares	7,421	3.7	158,655,510	10.5
Over 100,001 shares	386	0.2	1,049,529,283	69.8
Total	199,556	100	1,503,999,082	100

At 7 October 2002:

- > there were no entries in the Register of Substantial Shareholdings; and
- > the average size of holdings of ordinary shares was 7,536 (2001: 8,221) shares; and
- > there were 2,863 holdings of less than a marketable parcel (less than \$500 in value (or 28 shares based on a market price of \$17.63), (2001: 1,772 holdings), which is less than 1% of the total holdings of ordinary shares.

### Voting rights of ordinary shares

The Constitution provides for votes to be cast:

- (i) on show of hands, 1 vote for each shareholder; and
- (ii) on a poll, 1 vote for each fully paid ordinary share.

### Preference shares

At 7 October 2002 Hare and Co was the only holder of preference shares and held 124,032,000 preference shares, being 100 per cent of the total issued preference capital.

### Voting rights of preference shares

A preference shareholder may not vote in normal circumstances, but may vote:

- (i) when a preference share dividend (or equivalent) is not paid by the prescribed quarterly payment date. This entitlement to vote ceases after full payment of four consecutive quarterly preference share dividends; and
- (ii) on proposals or resolutions that affect the rights attached to the preference shares including proposals to restructure or wind up ANZ.

### Employee shareholder information

At the Annual General Meeting in January 1994, shareholders approved an aggregate limit of 7% of all classes of shares and options, which remain subject to the rules of a relevant incentive plan, being held by employees and directors.

At 30 September 2002 participants held 2.62% of the issued shares and options of ANZ under the following incentive plans:

- > ANZ Employee Share Acquisition Plan;
- > ANZ Employee Share Save Scheme;
- > ANZ Share Option Plan; and
- > ANZ Share Purchase Scheme.

As a shareholder and reader of the 2002 ANZ Annual Report, your opinions are important to us. Please take a minute to fill in this survey form and help us continue to improve the way we report to you next year.

1. Which of the following applies to your reading of the 2002 ANZ Annual Report? (Please tick)

- Browsed through it  
 Read some of it  
 Read all of it

2. Using a seven point scale, please indicate the extent to which you agree with the following statements: (Please circle)

	Strongly disagree						Strongly agree
The overall look of the Report made me want to read it	1	2	3	4	5	6	7
The report included the information I wanted to see as a shareholder	1	2	3	4	5	6	7
It was easy to find the information I wanted to read	1	2	3	4	5	6	7
The information was well written and easy to understand	1	2	3	4	5	6	7
The report was interesting to read	1	2	3	4	5	6	7

3. When reading the 2002 ANZ Annual Report, how important to you are the following sections, on a scale of 1 to 7? (Please circle)

	Not important						Extremely important
Chairman's Report	1	2	3	4	5	6	7
Chief Executive Officer's Report	1	2	3	4	5	6	7
Personal	1	2	3	4	5	6	7
Corporate	1	2	3	4	5	6	7
Community	1	2	3	4	5	6	7
Culture	1	2	3	4	5	6	7
Growth	1	2	3	4	5	6	7
Senior Management	1	2	3	4	5	6	7
Overview	1	2	3	4	5	6	7
Chief Financial Officer's Review	1	2	3	4	5	6	7
Business Overview	1	2	3	4	5	6	7
Business Reports	1	2	3	4	5	6	7
Where we are	1	2	3	4	5	6	7
Corporate Governance	1	2	3	4	5	6	7
Risk Management	1	2	3	4	5	6	7
Environmental Report	1	2	3	4	5	6	7
Customer Service Charter	1	2	3	4	5	6	7
Corporate Governance Statement	1	2	3	4	5	6	7
Board of Directors	1	2	3	4	5	6	7
Guide to the Financial Report	1	2	3	4	5	6	7
Concise Financial Report	1	2	3	4	5	6	7

4. Do you have any specific comments about this Annual Report or suggestions for next year?

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5. Annual Report Election Request. (Please tick)

- Please continue to send me a printed Annual Report  
 Please don't send me an Annual Report  
 Please don't send me an Annual Report but email me when it is available on ANZ's website

Name:

SRN/HIN:

Email Address:

Yours sincerely,

Philip Gentry  
Head of Investor Relations



# Shareholder Information

## Dividends

The final dividend of 46 cents per share will be paid on 13 December 2002, 100% franked. Dividends may be paid directly to a bank account in Australia, New Zealand or the United Kingdom. Shareholders who want their dividends paid this way should advise ANZ Share Registry in writing. Dividend Reinvestment and Bonus Option plans are available to shareholders. The plans are detailed in a booklet called 'Shareholder Alternatives', copies of which are available from ANZ Share Registry at the addresses shown below.

## Stock Exchange Listings

The Group's ordinary shares are listed on the Australian Stock Exchange and the New Zealand Stock Exchange. The Capital Securities offered in 1993 and the Preference Shares issued in 1998 are listed on the New York Stock Exchange. The subordinated bonds issued by Australia and New Zealand Banking Group (New Zealand) Limited in 2002 are listed on the New Zealand Stock Exchange.

## American Depositary Receipts

The Bank of New York sponsors an American Depositary Receipt (ADR) program in the United States of America and ADRs are listed on the New York Stock Exchange. ADR holders should deal directly with the Bank of New York, New York, telephone (212) 815 2276, fax (212) 571 3050 on all matters relating to their ADR holdings.

## 2002 Financial Report

A copy of the Group's 2002 Financial Report, including the independent Auditors' Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone (Australia 1800 11 33 99, Overseas +613 9615 5989), by email at [investor.relations@anz.com](mailto:investor.relations@anz.com) or viewed directly on the internet at [www.anz.com](http://www.anz.com).

## Removal from Mailing List

Shareholders who do not wish to receive a copy of the Annual Report must advise the Share Registry in writing.

## Change of Address

Shareholders who have changed their address will need to advise the Share Registry in writing, quoting their shareholder number, name and company if applicable.

## Credit Ratings

### Short Term

Moody's Investors Service P-1  
Standard & Poor's Rating Group A1+

### Long Term

Moody's Investors Service Aa3  
(outlook stable)  
Standard & Poor's Rating Group AA-  
(outlook stable)

## Handy Contacts

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Company Secretary: Tim Paine

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### United Kingdom

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## Important Dates for Shareholders

Date	Event
13 December 2002	Annual General Meeting (Perth)
13 December 2002	Final Dividend Payment
24 April 2003*	Interim Result Announced
1 July 2003*	Interim Dividend Payment
23 October 2003*	Annual Result Announced
12 December 2003*	Annual General Meeting
12 December 2003*	Final Dividend Payment

\* tentative dates

